



**ANNUAL REPORT
FOR THE YEAR
ENDED
30 JUNE 2019**



ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ABBREVIATIONS:

AIDS:	Acquired Immune Deficiency Syndrome
CDWs:	Community Development Workers
CLARA:	Communal Land Rights Act No. 11 of 2004
CPLW:	Community Participation Liaison Worker
CSS:	Community Satisfaction Survey
CRDP:	Comprehensive Rural Development Programme
CIF:	Capital investment Framework
CMA:	Catchment Management Area
DEDEA:	Department of Economic Development & Environmental Affairs
DoE:	Department of Energy
DEA:	Department of Environmental Affairs
DFA:	Development Facilitation Act 67 of 1995
DLGTA:	Department of Local Government and Traditional Affairs
DLTC:	Driving Licence Testing Centre
DM:	District Municipality
DRP:	Disaster Recovery Plan
DWA:	Department of Water Affairs
EC:	Eastern Cape
ECBCP:	Eastern Cape Biodiversity Conservation Plan
ECPSDP:	Eastern Cape Provincial Spatial Development Plan
ECSECC:	Eastern Cape Socio-Economic Consultative Council
ELM:	Elundini Local Municipality
EMF:	Environmental Management Framework
ES:	Ethnic Strategy
EXCO:	Executive Committee
FET:	Further Education & Training
GDP:	Gross Domestic Product.
GDS:	Growth and Development Summit
GGP:	Gross Geographic Product.
GIS:	Geographic Information System
HIV:	Human Infected Virus
HSP:	Housing Sector Plans
ICT:	Information and Communication Technology
IDP:	Integrated Development Plan
IGR:	Intergovernmental Relations
ISRDP:	Integrated Sustainable Rural Development Programme
ISDM:	Integrated Service Delivery Model
ITPs:	Integrated Transport Plans
IPILRA:	Interim Protection of Informal Land Rights Act
IDC:	Industrial Development Corporation
IWMP:	Integrated Waste Management Plan
JGDM:	Joe Gqabi District Municipality
JoGEDA:	Joe Gqabi Economic Development Agency
KPA:	Key Performance Area
KPI:	Key Performance Indicator

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LDO:	Land Development Objective
LED:	Local Economic Development
LRAD:	Land Redistribution for Agriculture Development
LM:	Local Municipality
LUM:	Land Use Management
MEC:	Member of the Executive Council
MFMA:	Municipal Finance Management Act
MIG:	Municipal Infrastructure Grant
MIMEF:	Municipal Integrity Management Framework
MSA:	Municipal Systems Act
MSI:	Mayor's Social Investment
MSIG:	Municipal Systems Improvement Grant
MSP:	Master Systems Plan
MTEF:	Medium Term Expenditure Framework
MTSF:	Medium Term Strategic Framework
MYPE:	Mid-year population estimates
NDP:	National Development Plan, Vision 2030
NEMA:	National Environmental Management Act
NGO:	National Government Organisations
NSDP:	National Spatial Development Perspective
PES:	Poverty Eradication Strategy
PGDP:	Provincial Growth Development Plan
PPFA:	Preferential Procurement Policy Framework Act
PSDP:	Provincial Spatial Development Plan
PSDF:	Provincial Spatial Development Framework
PGDS:	Provincial Growth Development Strategies
PLAS:	Pro-active Acquisition of Land Strategy
PLTF:	Provincial Land Transport Framework
PSF:	Provincial Strategic Framework
RAMS:	Road Asset Management System
RDA:	Rural Development Agency
RDAT:	Rural Development & Agrarian Transformation
RDP:	Reconstruction and Development Programme
RMC:	Risk Management Charter
RMCo:	Risk Management Committee
RR:	Risk Register
RULIV:	Rural Livelihoods
SANRAL:	South African National Road Agency
SAPS:	South African Police Services
SCM:	Supply Chain Management
SDF:	Spatial Development Framework
SEDA:	Small Enterprise Development Agency
SETA:	Sector Education Training Authority
SMME:	Small, Medium & Micro Enterprises
SPLUMA:	Special Planning and Land Use Management Act
SPU:	Special Programmes Unit

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STEP:	Sub Tropical Ecosystem Planning Project
TA:	Tribal Authority
VIP:	Ventilated Improved Pit Latrine
VTs:	Vehicle Testing Station
WMA:	Water Management Area
WMP:	Water Management Plan
WSA:	Water Services Authorities
WSDP:	Water Services Development Plan

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A:

1.1 MAYOR’S FOREWORD



This annual report draws a curtain on the financial year 2018/2019 which accounts for the performance of municipal departments as per the adopted SDBIP. It reflects the key milestones achieved in its quest to improve service delivery through the delivery of accessible and good quality services. Most importantly the report also reflects on the municipal limitations and constraints encountered during the reporting period which will have to be addressed going forward in an accelerated manner. It is of critical importance that we learn from our achievements as well as from our oversights and limitations. President of the Republic of South Africa, his Excellency Cyril Ramaphosa delivered his first State of Nation Address (SONA) 2019 of the 6th current administration on the 20th of June 2019 under the theme “let’s grow South Africa together as we celebrate 25 years of freedom.

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Job creation, devastating changes in global climate gender violence remain the challenge confronting South Africa. This again was emphasized in the State of Province Address (SOPA) which noted setting in infrastructure district council coordinating to assisting the youth in agriculture, mining tourism and sustainable energy. South Africa's economy is ailing, we need to advance means in which we ensure that our economy is restored. An LED Strategy has been developed which identifies Elundini as a major agricultural hub.

Section 26 of Constitution states that everyone in this regard is entitled to human settlement to achieve the progressive realisation of the right to adequate housing, in this honour about 10 083 housing needs have been met within the municipality. About 14 204 households had access to free basic services. Our capital projects include 202, 55 km roads maintained which not only has improved service delivery in the municipality but has also created numerous job opportunities for the locals. In light of the 2018/2019 financial year the political, administrative and financial units have faced numerous challenges. As there have been several political seizures in the council which ended up hindering the administrative unit in the Municipality.

It is with great pleasure to announce that the municipality for 2018/2019 went back to its former glory by receiving unqualified audit opinion from the Office of the Auditor General. The same way we fell from glory is the same we came back and restored our dignity and pride of good governance. The Book of Proverbs 24:16 says even though "a just man falls seven times, he rises up again." We are grateful that in our falling we were able to rise up again and we have learnt a lot from falling. The trust that people of Elundini have placed in our municipality cannot be betrayed. We will spare no effort in ensuring that service delivery is continuously enhanced.

As we leap forward into 2019/2020 we do so filled with a deep sense of appreciation of the challenges that lie ahead.

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Cllr N R Lengs
Mayor
31 January 2020

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1.2 MUNICIPAL MANAGER'S OVERVIEW



During the 2018/2019 financial year, the performance of the Elundini Local Municipality plummeted to 58,6% (2018: 80,8%). Whilst this level of performance is a drastic decline compared to the past two years (2017: 87,5%), there are several factors which contributed immensely to the status quo. Firstly, Elundini local contractors, disenchanted by the perceived absence of a commitment by the municipality to afford them procurement opportunities, closed a number of sites, predominantly in the Mt Fletcher area, and this stalemate subsisted for a period of approximately four months, thus making a serious dent on the attainment of the performance targets. I am pleased to inform the general public and all stakeholders that the pain of four months birthed a concrete strategy for local procurement, which has got to be the most progressive model for the empowerment of local contractors in the sector, and which is being replicated by other institutions and agencies that currently face a similar dilemma.

Secondly, a decision taken by the municipal council to re-instate a ward committee that the council had previously disbanded, immediately ignited socio-political upheaval in the affected ward, with the target of the protest being the three (3) infrastructure projects which were underway at the time. The delay in finding a political solution to the impasse, meant that the contractor/s who were involved in those projects had to pull out due to incessant threats to their personnel and property, a situation that was stemmed only when an urgent court judgement was granted in favour of the municipality.

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The municipality could however not escape the payment of a contractual standing time penalty of R1,4 million.

Thirdly, the mass of Elundini Local Municipality employees embarked on a wildcat strike, demanding the performance of certain functions the majority of which fell beyond the remit of the municipal council. The strike subsisted for two (2) full weeks and expectedly had the effect of stifling service delivery.

Last, but not least, as a recipient of the integrated national energy grant (INEP), a standard of a cost per connection is set by the transferring accounting officer. With ours being a rural municipality with a mountainous topography, the set standard of cost per connection is more often not applicable, thus resulting in a lesser number of actual connections than were estimated.

This performance comes on the back of a drastic regression in audit outcomes as recorded in 2018, during which year the municipality received an adverse opinion. As a result of the audit outcomes, humongous adjustments were effected to the 2019 annual financial statements (by restating the opening balances to rectify the accounting errors which imported the adverse opinion in the previous financial year). These adjustments, which had to be audited by an almost completely new cohort of auditors from the Auditor General probably not privy to the inherent risks in the financial statements, caused an unexpected delay in the signing of the audit report for the year ended 30 June 2019, which was finally signed and transmitted to the municipality on 24 January 2020. It is pleasing to report that, through the stellar work of management and officials, with the appropriate oversight and guidance by the Audit Committee, the municipal council and other political structures of council, the municipality has turned the tide and achieved an unqualified audit opinion, albeit with findings on compliance and performance information.

In spite of all the challenges in the financial year, the municipality continues to be in good financial health as evidenced by the financial ratios.

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In conclusion, I thank the municipality's political and administrative leadership, the Audit Committee, other political structures of council, the employees, stakeholders and the entire community of Elundini for their support and cooperation throughout the year.

Khaya Gashi

Municipal Manager

31 January 2020

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1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

The functions of the Elundini Local Municipality (ELM) are derived from schedules 4B and 5B of the Constitution of the Republic of South Africa, read in conjunction with section 84 of the Local Government: Municipal Structures Act (Act No 117 of 1998). The specific functions performed by the ELM are listed in **appendix B**.

The ELM is a Category B municipality located within the Joe Gqabi District in the north-eastern portion of the Eastern Cape Province. The ELM is bounded by the Alfred Nzo District in the north, Chris Hani District in the south, OR Tambo District in the east, and Lesotho and Senqu in the west. It is the smallest of three municipalities in the district, making up a quarter of its geographical area (refer to map below). The ELM is one of the most scenic and attractive areas of the province, with considerable potential lying in its deep, fertile soils and high rainfall. Compared to the other municipalities in the Joe Gqabi District, Elundini has prospects of significant growth and upliftment in the quality of life for its residents due to its relative abundance of natural resources. The urban areas and commercial farming district are the highest employers, where people have found employment in the agriculture, commercial and service sectors.

The urban areas and commercial farming district are the highest employers, where people have found employment in the agriculture, commercial and service sectors. There are very low levels of employment in the rural settlements. This can be partly attributed to the fact that these areas do not have a strong economic base, and partly to the fact that most inhabitants are involved in subsistence-related activities with little surplus being produced for economic profit. Due to the migrant system in operation in South Africa, the impact of recessionary downturns in the economy elsewhere (such as in the mining industry, Gauteng and Cape Town) have had an impact on the Elundini area. There is still a heavy reliance on income from migrant sources. The towns in ELM are Maclear, Mount Fletcher, and Ugie characterized by vast farming areas in the areas surrounding Maclear and Ugie as well as the Pitseng area in Mt Fletcher. The main economic sectors are social services/government (41%), agriculture (28%), and wholesale and retail trade (14%).

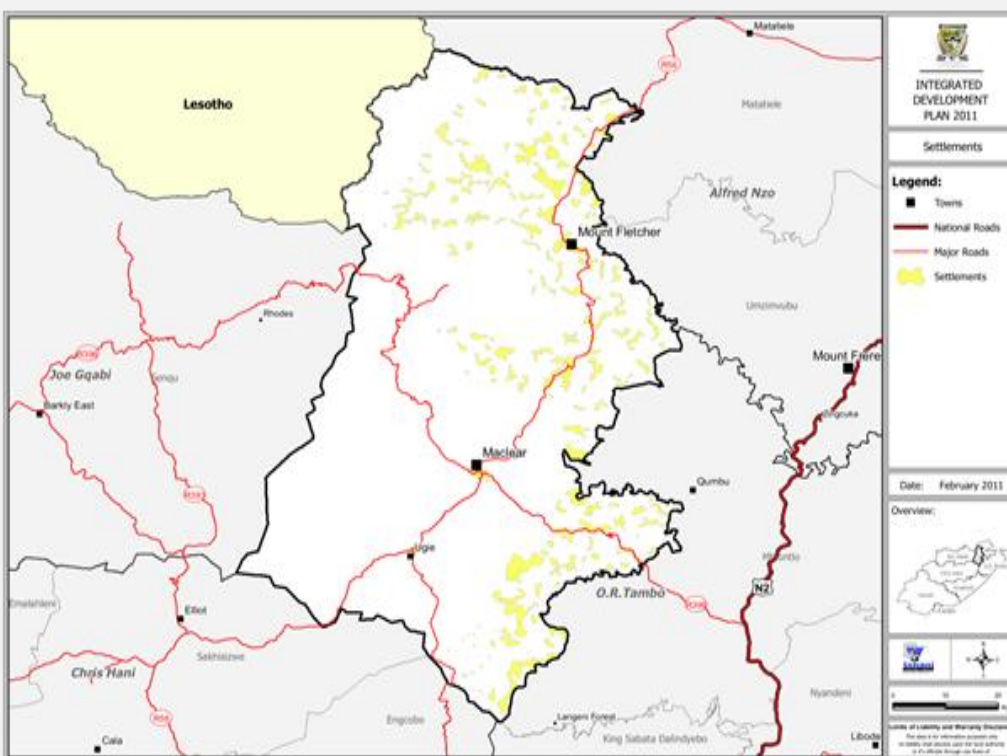
The majority of ELM's inhabitants reside in rural villages situated in the foothills of Maluti Mountains and Southern Drakensburg Range as well as the rural villages inherited through the demarcation process

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from the magisterial districts of Tsolo and Qumbu. The R56 runs through Elundini Municipal area linking the three towns with KwaZulu–Natal to the north and Queenstown to the south. The main Economic Sectors are Social services/government, agriculture, and wholesale and retail trade.

The ELM covers an area of 5,064 km² and has 17 Wards and according to the recent Community Survey (CS) of 2016 released by Statistics South Africa (StatsSA), the ELM is the most populous municipality in the Joe Gqabi District Municipality (JGDM) with an estimated population of 144 929 an increase of 6 788 people, amounting to 4.7%, from the Census 2011 figures of 138 141 people. The largest population of ELM is made up of females which constitute 60.9% (88 247) of the total population and males constitute 39.1% (56 682) of the total population.

The ELM is one of the most scenic and attractive areas in the Province with considerable potential lying in its deep, fertile soils and high rainfall. Compared to the other municipalities in the JGDM, ELM has prospects of significant growth and upliftment in the quality of life for its residents, due to its relative abundance of natural resources. The map below depicts the geographical area of ELM:



Source: Elundini IDP 2017/2022

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The JGDM total population has increased by 23 144 people from the Census 2011 figures of 349 768 to 372 912 of the CS 2016 figures. This represents a 6.2% increase between 2011 and 2016 from an increase of 2.3% between 2001 and 2011 figures. From the JGDM total population, the ELM has seen a significant increase of 6 790 people representing an increase of 4.7% between 2011 and 2016 as compared to an increase of 0.5% between 2001 and 2016. Although there has been an increase in the number of people, between 2011 and 2016, in both the district and ELM, there is noticeable decrease in the number of households both in the district and ELM. Both municipalities experienced a decrease of 0.2% and 0.5% of households respectively as depicted by the table overleaf. Of the total number of households in both the JGDM and Elundini municipalities, there has been an increase in the formal structures which were the formal structures in JGDM increased from 60.3% to 69.6% and on ELM increased from 33% to 47.8%.

Table 1: Elundini Population

Municipality	2001	2011	2016	% growth			Number of households			% Change
				1996 - 2001	2001 - 2011	2011 - 2016	2001	2011	2016	
JGDM	341 750	349 768	372 912	8.2%	2.3%	6.2%	84 835	95 294	95 107	-0.2%
Elundini	137 394	138 141	144 929	3.7%	0.5%	4.7%	33 209	35 992	35 804	-0.5%

Source: Census 2001, Census 2011 and CS 2016

The table below depicts the distribution of population by age and gender:

Table 2: Population by Gender

Age	1996			2001			2011			2016		
	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total

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category												
00 – 04	8 907	8 900	17 807	7 577	7 364	14 941	8 188	7 949	16 137	8 761	8 489	17 250
05 – 09	11 047	10 798	21 845	10 130	9 926	20 057	8 164	7 829	15 993	9 052	9 304	18 356
10 – 14	11 229	11 168	22 398	11 391	11 337	22 727	8 860	7 866	16 726	9 976	8 702	18 678
15 – 19	8 251	8 901	17 152	9 763	9 274	19 037	9 013	8 166	17 180	10 528	9 617	20 145
20 – 24	4 331	5 431	9 763	4 688	4 975	9 663	6 441	5 746	12 187	7 762	7 035	14 797
25 – 29	2 352	3 676	6 028	2 721	3 791	6 512	4 397	4 302	8 699	6 523	5 965	12 488
30 – 34	1 938	3 739	5 677	2 213	3 364	5 577	3 189	3 453	6 641	4 982	5 300	10 282
35 – 39	1 933	3 458	5 391	2 060	3 543	5 603	2 743	3 512	6 256	2 306	2 557	4 863
40 – 44	1 665	2 839	4 504	2 129	3 606	5 736	2 210	3 387	5 597	1 959	2 549	4 508
45 – 49	1 435	2 468	3 904	1 955	3 022	4 977	2 074	3 508	5 582	1 604	2 214	3 818
50 – 54	1 278	2 141	3 419	1 730	2 594	4 324	2 120	3 587	5 707	1 502	2 492	3 994
55 – 59	1 325	2 035	3 361	1 486	2 167	3 653	2 095	3 189	5 285	1 388	2 532	3 920
60 – 64	1 334	2 873	4 206	1 475	2 560	4 034	1 938	2 804	4 742	1 429	2 273	3 702
65-69	1 227	2 222	3 449	1 559	2 579	4 137	1 382	2 032	3 414	943	2 105	3 048
70 – 74	814	1 231	2 046	1 019	1 905	2 924	1 156	1 911	3 067	603	1 570	2 173
75 – 79	730	1 191	1 921	565	963	1 528	765	1 666	2 431	360	921	1 281
80 – 84	241	505	747	439	930	1 369	453	1 044	1 497	163	713	876
85+	184	333	517	191	403	594	294	706	1 000	108	644	752
Total	60 222	73 911	134 133	63 091	74 303	137 393	65 482	72 657	138 141	69 949	74 982	144 931

Source: Census 1996, Census 2001, Census 2011 and CS 2016

Although there has been an overall increase of 4.7% in the total population in ELM, there has been a decrease of 3.2% of the female population and an increase of 6.8% of the male population between 2011 and 2016. The female population in ELM makes 51.7% of the total population and males constitute 48.3% of the total population. In terms of the demographic distribution of the ELM population, a younger population, between the ages of 15 and 19, comprises the largest population followed by 10 and 14, 05 and 09 and 00 and 04 respectively.

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Socio-economic status

The table below depicts the socio-economic status, as per Community Satisfaction Survey of ELM during the year under review:

Table 3: Socio-economic status

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year -2	21%	24%	40.2%	52%	20%	8.4%
Year -1	21%	24%	40.2%	52%	20%	8.4%

1.4 SERVICE DELIVERY OVERVIEW

In meeting its Constitutional obligation in delivering basic services to its communities, ELM is guided by Schedule 4 Part B and Schedule 5 Part B of the powers and functions as defined in terms of the Local Government: Municipal Structures Act as amended. For the year under review, ELM in delivering basic services focused on upgrading of paved roads; upgrading of stormwater drainage; connection of households to the electrification programme; construction of unpaved roads; maintenance of street lights; collection of refuse removal; provision of free basic service to qualifying beneficiaries; construction of sports fields; construction of child care facilities; and creation of jobs through the municipality's LED initiatives, infrastructure and EPWP. ELM has, during the year under review, spent 100% of its capital budget on capital projects identified in terms of the municipality's IDP.

In meeting the objects of Local Government as dictated by the Constitution of the Republic of South Africa, for the year under review ELM managed to create 1 685 jobs through its LED and social development initiatives including capital projects; trained 95 young people in critical skills development programmes and successfully completed one (1) property development project for the development of Mount Fletcher Mall. ELM has also during the year under review provided free basic services to a total 14 204 indigent households.

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1.5 FINANCIAL HEALTH OVERVIEW

This section has been presented in Chapter 5 of the document.

1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

ELM's main political and administrative offices are situated in Maclear with two administrative units in Mount Fletcher and Ugie which are headed by their respective unit heads. As at 30 June 2018, the ELM's reviewed Organogram reflected a total number of 343 positions with 291 positions filled with the remaining 52 positions vacant, equaling 15. 2% vacancy rate as compared to the 13.5% vacancy rate in the last financial year. The position of Municipal Manager, all Section 56 positions and other managerial positions except for the Manager: Legal Services and Manager: ICT had been filled. The table below depicts the employee 2018/2019 status quo per department:

Table 4: Vacancies and Filled Positions

DEPARTMENT	NO. OF POSTS	NO. OF FILLED POSITIONS	VACANCIES	% of Vacancies
MM's Office	33	30	3	9. 1%
Infrastructure Planning and Development	63	52	11	17. 5%
Financial Services	43	38	5	11. 6%
Community Services	144	119	25	17. 4%
Corporate Services	49	45	4	8. 2%
Planning and Economic Development	11	7	4	36. 4%
TOTAL	343	291	52	15. 2%

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CHAPTER 2 - GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1. POLITICAL GOVERNANCE

In terms of Section 151 (2) of the Constitution of the Republic of South Africa, 1996, the executive and legislative authority of a municipal council is vested in its municipal council. Section 11 (1) of the Local Government: Municipal Systems Act (Act No 32 of 2000), stipulates that the executive and legislative authority of a municipality is exercised by the council of ELM, and the council takes all the decisions of ELM subject to Section 59. In terms of Section 59 of the Municipal Systems Act, a municipal council must develop a system of delegation that will maximise administrative and operational efficiency and provide for adequate checks and balances and, in accordance with that system, may: -

- a) Delegate appropriate powers, excluding a power mentioned in section 160 (2) of the Constitution and the power to set tariffs, to decide to enter into a service delivery agreement in terms of section 76(b) and to approve or amend ELM's integrated development plan, to any of ELM's other political structures, political office bearers, councillors and staff members;
- b) Instruct any such political structure, political office bearer, councillor, or staff member to perform any of ELM's duties; and
- c) Withdraw any delegation or instruction.

The ELM is a collective executive system combined with a ward participatory system. The original powers of the executive committee are outlined in section 44 of the Local Government: Municipal Structures Act (Act No 117 of 1998). ELM has, in terms of Section 53 of the Municipal Systems Act, defined the role and area of responsibility of each political structure, political office bearer and the municipal manager. In terms of ELM's Policy on Roles and Responsibilities and the Delegation of Power, as well as the delegations register, Council has devolved certain decision making powers (apart from those directly assigned by legislation) to the Executive Committee, the Mayor, the Speaker and the Municipal Manager. The Speaker is the chairperson of the municipal council, the Mayor is the chairperson of the Executive Committee and the Municipal Manager is the head of administration.

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After the Local Government elections that were held in August 2016, the political party composition of the Municipal Council was as follows:-

Table 5: Political Party Representation

Political Party representation	During the year under review	
	Number	% representation
African National Congress	28	82.36
United Democratic Movement	1	2.94
Democratic Alliance	2	5.88
African Independence Congress	1	2.94
Economic Freedom Fighters	1	2.94
Independent	1	2.94
TOTAL	34	100

The Executive Committee is the principal committee of the Council. It is the Committee which receives reports from the Standing or Portfolio Committees of Council and it must forward these reports together with its recommendations to the Council when it cannot dispose of matters in terms of its delegated authority.

The following councillors served as members of the Executive Committee during the term under review:

Table 6: Executive Committee Members

COUNCILLOR	PORTFOLIO
Nonkongozelo Lengs	Mayor
Mathabang Lillian Naketsana	Political Head: Community Services
Thozama Victoria May	Political Head: Infrastructure Planning and Development
Mamello Leteba	Political Head: Corporate Services
Mlamli Mqamelo	Political Head: Financial Services
Nontuthuzelo Nkalitshana	Political Head: Planning and Economic Development

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The Council has defined the following roles for the Speaker as the chairperson of the Council (over and above the roles assigned by the Municipal Structures Act): -

- ✓ Leader of council in respect of the oversight function;
- ✓ Custodian of the interests of the members of the municipal council;
- ✓ Politically in charge of the community development workers' program; and
- ✓ Responsible for the training and development of ward committees

The ELM established six (06) Section 80 Committees in line with administrative departments which are referred to as portfolio committees to assist the Executive Committee and they are:-

- ✓ Corporate Services Portfolio Committee
- ✓ Financial Services Portfolio Committee
- ✓ Infrastructure Planning and Development Portfolio Committee
- ✓ Planning and Economic Development Portfolio Committee
- ✓ Community Services Portfolio Committee
- ✓ Strategic Governance Portfolio Committee

These portfolio committees are chaired by members of the Executive Committee.

The ELM has, in terms of its By-laws relating to the Standing Rules and Orders which were revised in September 2016, established the following section 79 committees, inter alia:-

- ✓ Audit Committee
- ✓ Municipal Public Accounts Committee
- ✓ Women Caucus (established in March 2019)
- ✓ Mandate Committee (established on 28 June 2019)
- ✓ Rules Committee
- ✓ Members Interests and Ethics Committee
- ✓ Budget Steering Committee

During the year under review, these section 79 committees have had varying levels of functionality, with the most active committees being the Audit Committee, Municipal Public Accounts Committee and the Women Caucus.

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2.2. ADMINISTRATIVE GOVERNANCE

The ELM's executive management structure consists of the Municipal Manager, appointed in terms of Section 54 (A) of the Local Government: Municipal Systems Act, and five managers appointed by the Municipal Council in terms of Section 56 of the Municipal Systems Act and one non-section 56 senior manager. All these managers are directly accountable to the municipal manager. The macro organisational structure of ELM, for the year under review, consists of the following departments:-

Table 7: Administrative Departments and Head of Departments

	DEPARTMENT	HEAD OF DEPARTMENT
1.	Municipal Manager	Mr. Khayaletu Gashi
2.	Office of the Municipal Manager	Mrs. Nonkuselo Sokutu
3.	Planning and Economic Development	Mrs. Ntomboxolo C. Eddie
4.	Corporate Services	Mr. Sandile R. Matubatuba
5.	Infrastructure Planning and Development	Mrs. Sisekho Sako
6.	Financial Services	Mr. Jack T. Mdeni
7.	Community Services	Mr. Luther T. Kokose

Below is the EXCO and top management of the ELM during the year under review:



**Her Worship the Mayor
Cllr. N. R. Lengs:
Portfolio Head:
Strategic Governance**



**Cllr. A. M. Mqamelo
Portfolio Head:
Financial Services**



**Cllr. T. V. May
Portfolio Head:
Infrastructure Planning & Development**



**Cllr. M. P. S. S. Leteba
Portfolio Head:
Corporate Services**



**Cllr. M. L. Naketsana
Portfolio Head:
Community Services**



**Cllr. N. Nkalitshana
Portfolio Head:
Planning & Economic Development**

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**Municipal Manager
Mr Khaya Gashi**



**Mrs Ntomboxolo Eddie
Director: Planning and
Economic Development**



**Mr Sandile Matubatuba
Director: Corporate Services**



**Mrs Nonkuselo Sokutu
Senior Manager: Strategic Support Services
(Office of the Municipal Manager)**

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Mr Jack Mdeni
Chief Financial Officer (CFO)



Mrs Sisekho Sako
Director: Infrastructure Planning and Development



Mr Thembinkosi Kokose
Director: Community Services

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As can be depicted by the table below, of the 24 employees employed by the municipality during the year under review, 15 were females and 9 were males. Another factor that needs to be commended is the fact that of the 24 new employees, 15 were below the ages of 35 years and this augurs well to the survival of ELM:

Table 8: New employees

NEW EMPLOYEE RECRUITS																
EMPLOYMENT SECTION	FEMALE				MALE				TOTAL				PWD	AGE GROUPS		
	A	C	I	W	A	C	I	W	A	C	I	W		<35	35-55	>55
Community and Social Services	5				3				8	0	0	0		5	3	
Corporate Services	2				3				5		0	0		4	1	
Finance	4								4					4		
Administration																
Electricity																
Environmental Protection																
Health																
Infrastructure Planning	1				1				2						2	
Office of the Municipal Manager	1				1				2						2	
Public Safety																
Road Maintenance	1				1				2					2		
Sport and Recreation																
Waste Management	1								1						1	
Waste Water Management																

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Water and Sanitation																
Strategic Planning																
TOTALS	15				9				24					15	9	

NEW LABOUR MARKET ENTRANTS

For the year under review, as depicted by the table below, ELM appointed 8 new labour market entrants of which 6 were females and 2 were males and all these new labour entrants were below 35 years.

Table 9: New Labour Market Entrants

NEW LABOUR MARKET ENTRANTS																
EMPLOYMENT SECTION	FEMALE				MALE				TOTAL				PWD	AGE GROUPS		
	A	C	I	W	A	C	I	W	A	C	I	W		<35	35-55	>55
Community and Social Services	3								3					3		
Corporate Services					2				2					2		
Finance	3								3					3		
Administration																
Electricity																
Environmental Protection																
Health																
Infrastructure Planning																
Office of the Municipal Manager																
Public Safety																

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Road Transport																	
Sport and Recreation																	
Waste Management																	
TOTALS	6				2				8					8			

LABOUR TURNOVER

The table below depicts that there has been 13 terminations during the year under review, of which 4 were resignations, 4 were cases of deaths, 2 were retirements and 3 were dismissals:

Table 10: Labour Turnover

EMPLOYMENT SECTION	FEMALE				MALE				TOTAL				RESIGNED		RETIRED		DISMISSED		DEATH	
	A	C	I	W	A	C	I	W	A	C	I	W	F	M	F	M	F	M	F	M
Community and Social Services	1				6				7							1		3	1	2
Corporate Services	1				1				2				1	1						
Finance																				
Administration																				
Electricity					1				1					1						
Environmental Protection																				
Planning & Economic Development								1				1		1						
Public Safety																				
Infrastructure Planning					2				2							1				1

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Road Transport																				
Sport and Recreation																				
Waste Management																				
Waste Water Management																				
Water and Sanitation																				
TOTALS	2				10			1	12			1	1	3		2		3	1	3

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3. INTERGOVERNMENTAL RELATIONS

The ELM is represented and participates in various cooperative and intergovernmental forums, through its Mayor and Municipal Manager. At a district level, the Mayor is a member of the District Mayor's Forum (DIMAFO) established in terms of sections 24 and 25 of the Intergovernmental Relations Framework Act (Act No 13 of 2005), whilst the Municipal Manager serves in the technical committee/s that support the DIMAFO. At a provincial level, ELM participates directly in the MUNIMEC, which is a meeting of the provincial government of the Eastern Cape with all the Mayors of the province, which is convened by the MEC for Local Government and Traditional Affairs. These meetings sit quarterly and are preceded by the Technical MUNIMEC at which the Superintendent General of Department of Cooperative Governance and Traditional Affairs convenes all the Municipal Managers of the province to discuss service delivery and cooperative governance matters. At a local level the ELM has convened four (04) IDP & Budget Representative Fora that discussed, among other things, the review and adoption of IDP and budget and other related service delivery issues. Other local IGR platforms that were coordinated effectively by their relevant municipal departments were Local Communicators' Forum, Local AIDS Council and Roads Forum to share service delivery information and progress.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The ELM is enjoined by Section 152 of the Constitution of the Republic of South Africa, 1996, to, inter alia:-

- ✓ Provide democratic and accountable government to the local community
- ✓ Encourage the involvement of communities and community organisations in the matters of local government
- ✓ Ensure the provision of services to communities in a sustainable manner

2.4. PUBLIC MEETINGS

2.4.1.1. Ward Committee Meetings

Since the inauguration of the current municipal council in 2016, ELM successfully established 17 ward committees to promote public participation in the affairs of ELM and ward committee for Ward 3 had to be disbanded due to political and other community challenges. The established ward committees were

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able to convene their meetings as per their approved schedule to discuss community development needs as well as receive feedback on the progress being made by the ELM on service delivery.

2.4.1.2. Ward based planning stakeholder meetings

In 2017/2018 financial year, the ELM developed 5-year (2018/19 – 2022/23) Ward Based Plans (WBPs) for its seventeen (17) Wards. The formulation of the WBPs involved various stakeholders which included community representatives, ELM Councillors and officials and Traditional Leadership institution. The WBPs document has three (3) main components, Legislative and Policy Framework, the Situation Analysis and Strategic Framework. ELM is now supporting communities in their respective wards to manage the implementation, monitoring and evaluation of their WBPs over the five-year period. The implementation of WBPs had five phases of which the first four were performed during the year under review and the last phase, phase five, is due for implementation in 2019/2020 financial year. ELM appointed a service provider (RULiv) for the first financial year, 2018/2019 to implement the first four phases, namely:

1. facilitate project prioritisation and package short-term (low-hanging fruit projects for quick implementation) and medium-long term projects;
2. facilitate conversation through workshops on suitable / desired ward / community development entities to drive, and facilitate development and utilisation of resources;
3. package projects which are ward-specific and projects which are local based, i.e. projects that cut across the municipality and affect more than one ward;
4. develop implementation plans

2.4.1.3. Community Based Meetings

The ELM demarcated 17 wards into 192 villages for village and township based engagements. These village and township based meetings were convened to promote focused and targeted participation within each ward. This intimate community engagement approach was initiated by ELM after observing that the conventional approach of convening ward quarterly meetings created a social distance between Council and communities. This conventional approach indirectly advantaged and unwittingly promoted participation of communities in close proximity to the central venues of ward committee meetings. The contemporary approach not only assisted ELM in closing the social gap, it also assisted in creating 164 work opportunities under the EPWP programme to the unemployed young people as Community

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Participation Liaison Workers (CPLWs) who act as administrative support to community meetings and also act in the dissemination of information from Council and government departments as they are able to reach communities in their respective villages. The table below depicts the number and names of CPLWs per ward and village/township employed during the year under review:

Table 11: List of CPLWs Employed

NO	WARD	VILLAGE	SURNAME	NAME(S)	GENDER	AGE
1.	1	Ntendeleshe/Phalisa	Ngayeka	Tandisa	F	30
2.		Nkalweni/Joseph	Tofile	Zukiswa	F	33
3.		Ncembu/Mission/Ngxotho	Msawuli	Bonginkosi	M	50
4.		Nyibiba/ Mdeni/ Ntsilithwa	Mphafa	Faniswa	F	44
5.		Lututu	Dlokweni	Makhi	M	26
6.		Umga Farms/ Umnga Flats	Mvubu	Sandisiwe	F	22
7.		Montgomery	Lindi	Olwethu	F	26
8.		Elunyaweni/Mangunkone/ Gwintinkonyana	Mabala	Sinalo	F	24
9.		Mamfengwini/Maweni/Sihubini & Drayini	Cetywayo	Ncebakazi	F	47
10.	2	Ugie Park	Cugege	Thuthuzelwa	F	29
11.		Bhekela	Sokomani	Bonga	M	23
12.		Mandela Park	Mcekevana	Simbulele	M	19
13.		Land Camp	Paul	Nozuko	F	21
14.		Ntokozweni	Ndondo	Pumza Patricia	F	35
15.		JK Bhokhwe/Old location	Pama	Nozuko	F	35
16.		Soccer fields	Ndabeni	Sinovuyo	F	26

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17.	3	Peter Mokhaba	Mjuleni	Azile	F	23
18.		Maclear Town	Nondlazi	Nonzuzo Happiness	F	35
19.		T V Park	Dzakwa	Noluthando	F	23
20.		Clearview	Volsaka	Nobuntu	F	42
21.		Sithole Park	Mtshemla	Kholeka	F	25
22.		Sonwabile	Gqibela	Simphiwe	M	32
23.		Tuin Block	Basete	Zintle	F	23
24.		Polar Park	Nkonki	Likho	M	18
25.		Maxhegweni	Ntantiso	Noluyo	F	19
26.	4	Nokhohloko	Nolusu	Ongeziwe	F	29
27.		Lenge	Nyathela	Thuliswa	F	26
28.		Khohlomoriti	Mdletye	Solomzi	M	32
29.		Elands Heights	Sejosengoe	Itumeleng Walter	M	32
30.		Komkhulu	Mdletye	Siyoneliseka	M	25
31.		Ndingeni	Vanqa	Sisipho	F	20
32.		Joel's Hoek	Sejosengoe	Keketso Alfred	M	23
33.		Popcorn valley	Mvumvu	Lusapho	M	24
34.		Ngqwaneni	Nkohla	Nomthandazo	F	31
35.		Sakhuthe	Mdletye	Afikile Lindelwa	F	30
36.		Mission	Futhela	Phakama	F	31
37.		Tsikarong	Ngqayimbana	Thandisiwe	F	23
38.		Namba	Mlilo	Phozisa	F	27
39.		Matuguru	Booi	Yoliswa	F	32
40.		Top Blocks	Sejosengoe	Boiketlo Desmond	M	22

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41.		Mabalane	Mnisi	Ncumisa	F	32
42.	5	Mcwangele	Nhose	Zithobile	F	21
43.		Ntabelanga	Gonkca	Ayabulela	F	21
44.		Hopedale	Mdingi	Zizipho	F	28
45.		Sidakeni	Mthungelwa	Nobuhle	F	22
46.		Sithana	Tishala	Nozuko	F	43
47.		St Augustine's	Magadla	Xhanti	M	20
48.		Lower Ntywenka	Rubushe	Mongezi	M	22
49.		Mtshezi	Ndlangisa	Sizakele	M	42
50.		Ntushu ntushu	Mateyise	Aluvuyo	F	21
51.		Mbonisweni	Luphalule	Zikhona	F	30
52.		Mpunkone	Mazula	Rosejune Nosiselo	F	36
53.		Khwatsha	Nota	Mandisa	F	33
54.		Mountain	Magidigidi	Athabile	M	21
55.	6	Upper Ntywenka	Masangwana	Nobonginkosi	F	44
56.		Sommerville	Mabandla	Nkanyiso	M	24
57.		Ngcele Down	Tshangela	Siyabulela	M	29
58.		Mqokolweni	Banjwa	Nomso	F	39
59.		Ngxotho	Lingani	Veronica Nomvuyiseko	F	29
60.		Lower Sinxako	Mcetywa	Nohlobo	F	22
61.		Qurana	Mbedeni	Fezeka	F	44
62.		Ntywenka Plantation	Ndobongwana	Siviwe	M	23
63.		Nkolosana	Lingani	Nicolas Monde	M	26
64.	7	Upper Nxaxa(Mahlathini)	Maqoma	Nomvuyo	F	41

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65.		Upper Nxaxa (Rodesia)	Maya	Thabiso Gladness	F	43
66.		Platana/Magwaca/Lalini	Rashula	Sindile	M	34
67.		Nxaxa Goerge	Sangcozi-Noqwaka	Lumka	F	41
68.		Elalini/ Etyeni	Vangile	Siphokazi	F	36
69.		Hlangalane/Jojueni/Gamakhulu	Ngcikiza	Aphiwe	F	23
70.		Ngqayi	Nqabeni	Zoleka Debora	F	31
71.		Khohlombeni	Ngcwangu	Ellen Nombuso	F	48
72.		Ramatee	Moshoeshoe	Makgodu	F	35
73.	8	Makhatlanyeng	Tyakiwe	Abulele	M	27
74.		Luzie Poort	Naketsana	Dieketseng	F	26
75.		Luzie Drift	Makeng	Mpuseng Beauty	F	26
76.		Moreneng	Masiu	Diatile	F	33
77.		Batlokoa	Nyanyatsi	Ncumisa	F	27
78.		Nkobongo	Ndlabhu	Babalwa	F	35
79.		Lahlangubo	Sholoko	Paballo	M	23
80.		Sekoting	Majikijela	Princess Ntombikayise	F	35
81.		Mokgalong	Heisi	Letholetseng	F	31
82.		Nkamani	Mbombo	Asekho	M	25
83.		Moroka	Stephen	Moipone Thelma	F	34
84.		Umfanta-Mathizeni	Nkhauli	Maikutlo	F	31
85.		Pitseng	Lubabalo	Kuze	M	32
86.		Pitseng Farms	Belebesi	Mthsidiso	F	33
87.	9	Ekuthuleni	Selai	Refiloe Lucia	F	27
88.		Ephanette Mbeki	Samuel	Madiness Veronica	F	39

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89.		Khalankomo/Showgrounds	Poni	Asanda	M	30
90.		Ilisomzi	Lebeta	Pricilla Nteboheng	F	34
91.		Katlehong	Mohare	Anelang	F	32
92.		Thembeni	Mathomane	Sikhokhele Oscar	M	28
93.		Mt Fletcher town	Mthi	Sisanda	F	28
94.	10	Mahemeng	Letshaba	Mmokgo	F	28
95.		Madzura	Temeki	Atang	M	34
96.		Mpharane kwaNtlombe	Dada	Siphokazi	F	29
97.		Nkalweni	Ndaba	Asiphe	M	27
98.		Westhoek/Mathafeni 2	Mkololo	Nomathamsanqa	F	46
99.		Sikote	Sindisa	Nobayethe	F	23
100.		Mathafeni No1	Pharela	Ntsoaki Alinah	F	29
101.		Xaxazana	Mvumvu	Sandlasenkosi	M	37
102.		Silindini	Gubudela	Alinah	F	24
103.		Tsolobeng	Gaula	Mojaki	M	32
104.		Mahemeng	Dingalibala	Yalezwa	F	25
105.		Zingonyameni	Moyana	Zukiswa	F	40
106.		Siyalwini/Mjika/Mbambangwe	Masekwana	Nondumiso	F	35
107.		Tinana/Gobho/Mjikelweni	Sidlayi	Phaphama Gloria	F	31
108.		Ntatyana	Sibindi	Babalo	M	23
109.		Lubisini	Makhaba	Patricia Nosisa	F	32
110.		Farview/Xaxazana	Lekeba	Leloko	M	29
111.		Ligcadweni	Sicwebu	Ndileka	F	31
112.	12	Lehlakaneng	Mandisa	Dyantyi	F	37

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113.		Polokoe	Khauoe	Nthabeleng Celestina	F	41
114.		Kinira Poort	Chabana	Nkahiseng	F	20
115.		Ntabayikhonjwa	Madubela	Nomfundo	F	40
116.		Mangoloaneng/Ngoliloe	Tlali	Teboho Michael	M	34
117.		Popopo	Sokhuthu	Bongeka	F	26
118.		Mahanyaneng	Matee	Mokhothu	M	34
119.		Thabatlala	Lekhoba	Malente	F	26
120.		Setaka	Makhomfana	Nonceba Esther	F	27
121.	13	Makoatlane	Qhu	Malehlohonolo	F	29
122.		Lower Nxotshana	Magalela	Andile	M	44
123.		Seqhobong	Semane	Paballo	M	21
124.		Mashata	Motsienyane	Lebohang	F	43
125.		Ntoko	Ramahola	Limpho	F	30
126.		Mohoabatsane	Khahleli	Lerato	F	28
127.		Kuebung	Makhethe	Dikotsi Autilla	F	33
128.		Phirintsu	Sigam	Ngubengwe	M	24
129.		Sethathi	Lebenya	Matseliso Esther	F	34
130.		Maluti	Mqhaba	Nkosazana Faith	F	37
131.	14	Vuvu	Maquba	Sizeka	F	28
132.		Makgoaseng	Lehlohla	Baanetse	M	22
133.		Thabakhubedu	Molebatsi	Retshedisitswe	F	24
134.		Lehana's Pass	Lehanya	Pilato	M	24
135.		Phuting	Pharela	Mpokiseng	M	26
136.		Phirinthsu	Masiza	Nkosivumile	M	22

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137.		Refele/ Linokong	Lehlohla	Mpokeleng Ivy	F	27
138.		Litaung/Zindawo	Lesaoana	Nkemiseng	F	29
139.		Ntabelanga	Mchinya	Nombulelo	F	46
140.		Sethabathaba/Zanyeni	Nkaseleng	Bakoena	F	32
141.		Satube	Lehlohla	Lerato	F	33
142.	15	Nkululekweni	Nguta	Fundiswa	F	24
143.		Kutloanong	Mvinjelwa	Lumka	F	27
144.		Tsekong	Neti	Nomso	F	38
145.		Khalatsu	Lefusa	Malefa	F	25
146.		Makhuleng	Telile	Mampe	F	32
147.		Basieng	Mokotso	Nthabeleng Agnes	F	34
148.		Lower Thokoana	Ndabambi	Nomampondomise	F	32
149.		Liphakoeng	Rabohome	Mamakgowa	F	29
150.		Liphofung	Makae	Moiloa Phillip	M	49
151.		Ketekete	Tsosane	Nthabeleng	F	43
152.		Tsekong/Lubalweni	Mafilika	Nomasister	F	41
153.		Magedla/Ntabamkhitha	Fani	Azola	M	25
154.		Mcambalala/Sekgutlong	Macupe	Nyameka	F	31
155.		Taung	Mgojo	Zoleka	F	41
156.		Qolweni	Rhulumente	Khanyisile	F	28
157.		Msasangeni/Zwelitsha	Ralintwana	Lineo	F	32
158.		No5 & Ntatyeni	Makhetha	Maboeketlo	F	45
159.		Sihom/Tsekong/Drayini	Magwagwa	Mabune Olga	F	26
160.		Karadokhwe/Lubalweni/	Matshikiza	Aphindiwe	F	26

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		Njaboya				
161.		Bhodi	Qhatsi	Asanda	F	28
162.		Greenfields	Tshambu	Luyanda	M	26
163.		Vincent	Mdzanga	Bukiwe	F	28
164.		Mbidlana	Yekiso	Lusindiso	M	24
165.						

2.4.1.4. Ward War Rooms

Since the inauguration of the current municipal council in 2016, ELM successfully established 15 war rooms derived from the Integrated Service Delivery Model (ISDM) which was introduced by the National Government under the Office the Deputy President in August 2015 aimed bringing together all service delivery stakeholders to provider services in an integrated manner. Ward room in ward 3 was later disbanded due to political and other community challenges and the other wards which have not established their war rooms are wards 6 and 17. Although the other fourteen wards had established their war rooms, their functioning was non-existent. The table below depicts the ward with war rooms:

Table 12: Wards with War Rooms established

WARD	DATE	NUMBER OF PEOPLE ATTENDED
Ward 01	15 June 2018	35
Ward 02	23 November 2016	53
Ward 03	22 November 2016	108
Ward 04	21 November 2016	49
Ward 05	30 November 2016	57
Ward 06	NOT YET ESTABLISHED	
Ward 07	24 November 2016	81
Ward 08	02 December 2016	36
Ward 09	06 December 2016	22

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Ward 10	18 November 2016	60
Ward 11	18 November 2016	72
Ward 12	05 December 2016	36
Ward 13	15 June 2016	29
Ward 14	24 November 2016	91
Ward 15	28 November 2016	70
Ward 16	30 November 2016	81
Ward 17	NOT YET ESTABLISHED	

Table 13: List of Public Meetings

As alluded earlier on, Ward 3 was the only Ward that still had to establish its ward committee. The table below depicts the list of public meetings that were held by ELM during the year under review:

Nature of meetings	Date & Venue of Events	No of Councillors	No of Municipal Administrators	No of Sector Departments Officials	No of Community Members	No. of Traditional Leaders	No. of Community Development Workers
IDP / Budget Rep Forum & Local Communicators Forum – Q1	11/09/2018 Maclear Town Hall	22	10	06	18	02	14
IDP / Budget Rep Forum & Local Communicators Forum – Q2	07/11/2018 Maclear Town Hall	16	12	10	08	03	06
IDP / Budget Rep Forum & Local Communicators Forum – Q3	-	-	-	-	-	-	-
IDP / Budget Rep Forum & Local Communicators Forum – Q4	11/05/2019	24	14	17	11	02	09
(IDP/ Budget Outreach) WARD 9	21/05/2019	14	14	03	65	00	02
WARD 10	21/05/2019	06	01	00	62	01	01
WARD 12	21/05/2019	03	04	00	142	01	01
WARD 13	21/05/2019	04	03	00	64	00	00
WARD 14	21/05/2019	03	02	02	82	02	01

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WARD 15	21/05/2019	03	02	02	44	00	00
(IDP/ Budget Outreach)	22/05/2019	01	00	01	65	00	01
WARD 1							
WARD 2	22/05/2019	15	06	02	77	01	00
WARD 4	22/05/2019	04	00	02	86	01	00
WARD 5	22/05/2019	03	00	00	42	01	00
WARD 11	22//05/2019	04	00	05	65	00	00
(IDP/ Budget Outreach)	23/05/2019	10	03	00	122	00	00
WARD 3							
WARD 6	23/05/2019	04	02	00	44	00	01
WARD 7	23/05/2019	06	04	00	115	00	01
WARD 16	23/05/2019	03	03	03	122	00	01
WARD 17	23/05/2019	03	07	00	53	00	01
Ward 1 Committee (Q 1)	07/08/2018 Ncembu Paypoint	01	01	00	10	00	01
Ward 1 Committee (Q 2)	04/12/2018 Ncembu Paypoint	01	01	00	10	00	01
Ward 1 Committee (Q 3)	13/02/2019 Nkalweni Hall	01	01	00	10	00	01
Ward 1 Committee (Q 4)	17/04/2019	01	01	00	10	00	01

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	Nkalweni Hall						
Ward 2 Committee (Q 1)	13/08/2018 Ntokozweni CM	01	01	00	08	00	00
Ward 2 Committee (Q 2)	19/10/2018 Ugie Ntokozweni	01	01	00	08	00	01
Ward 2 Committee (Q 3)	08/03/2019 Ugie Ntokozweni	01	01	00	07	00	01
Ward 2 Committee (Q 4)	06/06/2019 Ntokozweni Hall	01	01	00	10	00	01
Ward 3 Committee (Q 1)	N/A	00	00	00	00	00	00
Ward 3 Committee (Q 2)	N/A	00	00	00	00	00	00
Ward 3 Committee (Q 3)	N/A	00	00	00	00	00	00
Ward 3 Committee (Q 4)	N/A	00	00	00	00	00	00
Ward 4 Committee (Q 1)	07/08/2018 Lower Tsitsana	01	01	00	08	00	01
Ward 4 Committee (Q 2)	25/10/2018 Lower Tsitsana	01	01	00	08	00	0
Ward 4 Committee (Q 3)	07/03/2019 Lower Tsitsana Mission	01	01	00	07	00	01
Ward 4 Committee (Q 4)	10/06/2019 Lower Tsitsana	01	01	00	10	00	0
Ward 5 Committee (Q 1)	13/08/2018 Ngxaza S.S.S	01	01	00	14	00	01

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Ward 5 Committee (Q 2)	22/11/2018 Hopedale	01	01	00	09	00	0
Ward 5 Committee (Q 3)	11/02/2019 Ngxaza S.S.S	01	01	00	08	00	01
Ward 5 Committee (Q 4)	10/04/2019 Ngxaza S.S.S	01	01	00	10	00	00
Ward 6 Committee (Q 1)	13/08/2018 Sixhotyeni TA	01	01	00	06	00	0
Ward 6 Committee (Q 2)	N/A	00	01	00	00	00	0
Ward 6 Committee (Q 3)	14/02/2019 Esixhotyeni TA	01	01	00	10	00	0
Ward 6 Committee (Q 4)	12/04/2019 Mqokolweni	01	01	00	07	00	01
Ward 7 Committee (Q 1)	17/09/2018 Nkunyana J.S.S	01	01	00	06	00	01
Ward 7 Committee (Q 2)	27/10/2018 Nkunyana J.S.S	01	01	00	04	00	0
Ward 7 Committee (Q 3)	21/02/2019 Nkunyana J.S.S	01	01	00	07	00	01
Ward 7 Committee (Q 4)	08/05/2019 Botsabelo Hall	01	01	00	07	00	01
Ward 8 Committee (Q 1)	08/08/2018 Mfanta CH	01	01	00	09	00	00
Ward 8 Committee (Q 2)	30/11/2018	01	01	00	07	00	00
Ward 8 Committee (Q 3)	13/02/2019	01	01	00	09	00	00

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	Mfanta Paypoint						
Ward 8 Committee (Q 4)	08/04/2019 Mfanta Paypoint	01	01	00	09	00	00
Ward 9 Committee (Q 1)	15/08/2018 Mount Fletcher TH	01	01	00	00	00	00
Ward 9 Committee (Q 2)	29/10/2018 Mount Fletcher	01	01	00	06	00	01
Ward 9 Committee (Q 3)	25/03/2019 Mount Fletcher town hall	01	01	00	08	00	01
Ward 9 Committee (Q 4)	09/04/2019 Mount Fletcher Town Hall	01	01	00	09	00	01
Ward 10 Committee (Q 1)	08/08/2018 Tsolobeng Methodist Church	02	01	00	10	00	01
Ward 10 Committee (Q 2)	18/10/2018 Mahemeng	02	01	00	07	00	01
Ward 10 Committee (Q 3)	06/03/2019 Tsolobeng J.S.S	02	01	00	08	00	01
Ward 10 Committee (Q 4)	06/06/2019 Ezingonyameni Tribal Authority	01	01	00	10	00	01
Ward 11 Committee (Q 1)	08/08/2018 Dengwana S.P.S	01	01	00	03	00	00

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Ward 11 Committee (Q 2)	05/12/2018 Dengwana S.P.S.	01	01	00	09	00	00
Ward 11 Committee (Q 3)	12/02/2019 Dengwane S.P.S	02	01	00	06	00	00
Ward 11 Committee (Q 4)	09/04/2019 Dengwane S.P.S	01	01	00	08	00	00
Ward 12 Committee (Q 1)	08/08/2018	01	01	00	08	00	01
Ward 12 Committee (Q 2)	N/A	00	00	00	00	00	00
Ward 12 Committee (Q 3)	18/02/2019 Kinira Poort	02	01	00	06	00	01
Ward 12 Committee (Q 4)	09/04/2019 Kinira Poort	01	01	00	07	00	00
Ward 13 Committee (Q 1)	24/08/2018 Mount fletcher TH	01	01	00	07	00	00
Ward 13 Committee (Q 2)	29/11/2018 Mount fletcher	01	01	00	08	00	00
Ward 13 Committee (Q 3)	06/03/2019 Koebung Village	01	01	00	06	00	00
Ward 13 Committee (Q 4)	05/04/2019 Nxotshana Village	01	01	00	09	00	00
Ward 14 Committee (Q 1)	06/08/2018 Ditaung Community hall	02	01	00	07	00	00
Ward 14 Committee (Q 2)	29/10/2018 Mamohato	01	01	00	09	00	01

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	Community Hall						
Ward 14 Committee (Q 3)	05/03/2019 Bethania Hall	01	01	00	10	00	01
Ward 14 Committee (Q 4)	05/06/2019 Bethani Hall	02	01	00	07	00	00
Ward 15 Committee (Q 1)	13/08/2018 Hill gate Tribal Authority	02	01	00	08	00	00
Ward 15 Committee (Q 2)	29/10/2018 Hill gate TA	02	01	00	07	00	00
Ward 15 Committee (Q 3)	07/03/2019 Hill gate Tribal	02	01	00	07	00	00
Ward 15 Committee (Q 4)	26/04/2019 Hill gate Tribal	02	01	00	09	00	00
Ward 16 Committee (Q 1)	07/08/2018 URC Mdeni	01	01	00	08	00	01
Ward 16 Committee (Q 2)	21/11/2018 UCR Mdeni	01	01	00	07	00	01
Ward 16 Committee (Q 3)	12/02/2019 URC Mdeni	01	01	00	06	00	01
Ward 16 Committee (Q 4)	11/04/2019 UCR Mdeni	01	01	00	16	00	01
Ward 17 Committee (Q 1)	17/08/2018 Ugie Municipal Offices	01	01	00	08	00	01

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Ward 17 Committee (Q 2)	N/A	00	00	00	00	00	00
Ward 17 Committee (Q 3)	11/03/2019 Mbidlana Tribal	01	01	00	05	00	01
Ward 17 Committee (Q 4)	09/05/2019 Gqaqhala Village	01	01	00	08	00	01
Local Aids Council (Q 1)	11-07-2018 Municipal Park	18	01	00	27	00	00
Local Aids Council (Q 2)	12-12-2018 Maclear Town Hall	09	02	03	40	01	03
Local Aids Council (Q 3)	10-04-2019 Maclear Town Hall	16	02	02	51	02	02
Local Aids Council (Q 4)	20-06-2019 Maclear Town Hall	18	01	02	37	02	00
World Aids Day Commemoration	04-12-2018 Sithaba-thaba A/A	03	01	23	120	00	00

2.5.IDP PARTICIPATION AND ALIGNMENT

The table below depicts the alignment of the IDP participation process:

Table 14: IDP Participation and Alignment

IDP Participation and Alignment Criteria*	Yes/No
Does ELM have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

COMPONENT D: CORPORATE GOVERNANCE

2.6.RISK MANAGEMENT

ELM continuously reviews its risk register to deal with all emerging risks that could hamper the municipality in providing services to its communities. For the year under review, risk management function has been operational and effective and Risk Management Committee was established and its members were in terms of ELM's Risk Management Policy and Risk Management Committee Charter formally appointed by the Accounting Officer to serve on the Committee. ELM has also during the year under review conducted risk management awareness training as part of embedding risk management culture within the institution.

2.7. ANTI-CORRUPTION AND FRAUD

As part of its endeavours in minimizing fraud and corruption occurrences within the institution, ELM conducted an anti-corruption and fraud awareness workshop during the month of November 2018

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focusing on high risk areas in the municipality like cashiers, traffic officers, human resources personnel and SCM practitioners.

2.8. SUPPLY CHAIN MANAGEMENT

2.8.1. EXECUTIVE SUMMARY

- ✓ The Local Government: Municipal Finance Management Act requires the municipality to implement a Supply Chain Management Policy which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with Supply Chain Management.
- ✓ Elundini SCM Policy has been adopted in line with Municipal Finance Management Act, Section 111 & 112 that deal with supply chain management policy. It is important to note that in terms of the Municipal Finance Management Regulation 3, our reviewed policy has been adopted by the council on the 28 June 2019 under resolution CON/102/19 Report on Supply Chain Management Policy.
- ✓ The SCM Policy integrates with the Transport and Catering Policy, Standard for Infrastructure Procurement and delivery Management (SIPDM Policy), Contract Management Policy and Construction Procurement Strategy which is aiming at developing and mentoring emerging enterprises.
- ✓ The role of the Council of a Municipality in maintaining oversight on implementation of its supply chain management policy is included in this policy and the Accounting Officer pursuant to Regulation 6 of the MFMA, prepares and submit a draft a supply chain management report complying with regulation 2 (a) & (3) to the council of the municipality for noting and adoption.
- ✓ The purpose of this report is to provide an overview of the SCM process in terms of Council's Supply Chain Management Policy (as amended), Section 9.3.1 of said Policy states that the Accounting Officer must, within 30 days of the end of each financial year, submit a report on the implementation of the policy to the Council.
- ✓ The role of the Accounting Officer, in line with Regulation 6 of the MFMA, is to prepare and submit a draft a SCM report complying with regulations 2 (a) & (3) to the council of the municipality for noting and adoption.

2.8.2. LEGAL REQUIREMENTS

- ✓ The Constitution of the Republic of South Africa (No. 108 of 1996), Section 217;
- ✓ Local Government: Municipal Finance Management Act (No. 56 of 2003) (MFMA);

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- ✓ Municipal Systems Act (Act 32 of 2000), Section 21A (MSA);
- ✓ Municipal Supply Chain Management Regulations (Government Gazette 27636 dated 30 May 2005) (SCM Regulations);
- ✓ Elundini Municipality Supply Chain Management Policy (SCM Policy)

2.8.3. BACKGROUND

- ✓ Elundini officials and other role players in the supply chain management system of the municipality must implement the SCM Policy in a way that gives effect to Section 217 of the Constitution, which requires processes to be fair, equitable, transparent, competitive and cost effective.
- ✓ Council's mandate is to maintain oversight over the implementation of the SCM Policy and for the purposes of such oversight the Accounting Officer must within 30 days of the end of each financial year, submit a report on the Implementation of the Supply Chain Management Policy of the municipality, to Council
- ✓ The report will reference the following sub sections:
 - (i) Establishment of SCM Section
 - (ii) Demand & Acquisition Management
 - (iii) Contract Management and Vendor Performance

Establishment of SCM Section

- a) The unit has been established to implement supply chain management policy as per regulation 7 (1) of Supply Chain Management Regulation. The unit operates under the direct supervision of the Chief Financial Officer as required by regulation 7 (3) of the Supply Chain Management
- b) The structure of the SCMU was amended and approved during the 2018/19 financial year and requires a review in order to address the current shortcomings in the section.

Challenges

- a) There is a need for a new proposed organogram subject to approval by CFO, aiming to address some issues relating to delays that occur on procurement processes and will allow for the improved procurement processes for transactions valued above R200 000 .
- b) The municipality has been faced with credibility on crafting of Bid Specification as a result most bids were re advertised.

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- c) Again there were delays which were caused by the complex standard SIPDM, wherein, Registered Built Environment Professional must compile review report and submits to the Chair of the Specification Committee who accept procurement documentation and submit to the Accounting Officer who approves and endorses the procurement documentation.
- d) An appointment of the pool of Pr. Technologists was done later and that contributed to delays on the evaluation of the infrastructure tenders.
- e) The complexity of evaluation reports prescribed by National Treasury on SIPDM and the type of contract chosen by the institution (NEC3 Contracts) also contributed on delay because of lack of understanding from role players.
- f) Training interventions were devised by the institution on all bid committee members.

2.8.5. Demand & Acquisition Management

- a) The municipality's system of acquisition management must ensure:
 - (i) That goods and services are procured in accordance with authorized processes only;
 - (ii) That expenditure on goods and services is incurred in terms of an approved budget in terms of Section 15 of the MFMA;
 - (iii) That the threshold values for different procurement processes are complied with;
 - (iv) That bid documentation, evaluation and adjudication criteria and general conditions of a contract are in accordance with any applicable legislation; and
 - (v) That any Treasury guidelines on acquisition management are properly taken into account.
- b) A process flow of the demand plan was developed; each department populated Demand Management Plan, which was subsequently signed off by each department.
- c) To support the process, schedules for convening the committee meetings were developed and circulated to all SCM users. Challenges that brought non-compliance to the Demand Plan were late submissions of specification that resulted to late advertisement / implementation. Most projects are advertised due to non-adherence of bidders to the required specifications and functionality.
- d) The Municipality had 62 Project planned for 2018-2019 Financial year and the following is the status quo:-
 - Awarded: 40
 - SCM Stages: 13

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- No Specification Submitted: 4
 - Cancelled : 5
- e) Goods and service are procured in accordance with authorized processes and approved delegations. Expenditure that has been incurred was budgeted for in the approved budget of Council. The bid documentation that is utilized is in accordance with the guidelines issued by National and Provincial Treasury, the general conditions of contract and applicable legislation such as the Construction Industry Development Board Act (Act 38 of 2000), SIPDM and we are continuously improving the documents in order to improve access and ease of use.
- f) The municipality in place had designed a procedure manual which is intends to improve governance in the SCM and also to provide guidance to the ELM officials in the procurement of goods and services.
- g) The municipality is preparing process flow charts helps to assign responsibility, communicate a process those unfamiliar with it, such as new employees and outside auditors, reducing the time needed to learn the details embedded in the Policy.
- h) Elundini Municipality is a small municipality with limited number of suppliers and service providers therefore it was perceived most pertinent to review service charter in order to guarantee reasonable timeframes and turnaround time
- i) Competitive Bidding for Contracts valued more than R200,000
- The competitive bidding process and bid committee structures are functioning. Composition, mandate, roles and functions of the SCM Committees (Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee) has also been reviewed and officials serving on these committees are formally appointed by the Municipal Manager and are therefore required to complete declaration of interests forms that are signed by the Commissioner of Oath
 - Training of all SCM Bid committee members and other role players is done annually.
- j) A number of 42 Bids was awarded in 2018/2019.

2.8.6. Contract Management & Vendor Performance

- a) Contract management systems are in place and fully functionalization of Contract Management as a tool for tracking projects could map the municipality to its success.

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- b) A template for assessing service provider and contractors in their performance has been formulated & utilized, this assist the municipality in continuous improvement of the service provider as the feedback for services rendered is given back to them so that they can improve in the arrears of their weaknesses.
- c) On the 14 March 2018, both Finance and Infrastructure Standing Committees sat and planned effective coordinating procedure that will effectively monitor all projects.
- d) Subsequent to that meeting which was a success, both SCM and I P & D, on a monthly basis conduct a monthly progress meeting where all contractors and consultants were present to present their progress on sites.
- e) A template of reporting has been designed for all projects. In the meeting there is also an opportunity to interact with the report, raise red flags and assign responsibilities and action plan on time. Monitoring and evaluation & Risk Office section also form part of this project monitoring committee.

2.8.7. DEVIATIONS

- a) Section 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes.
- b) The expenditure incurred through deviation from normal supply chain management processes amounted to **R 7 201 621, 11** during 2018/2019 financial year. This figure broken by department is as follows:

DEPARTMENT	AMONUT
Municipal Manager's Office	R 335 450, 81
Budget and Treasury Office	R 1 877 445, 81
Infrastructure Planning and Development	R 2 206 621, 71
Corporate Services	R 1 757 658, 90
Strategic Planning and Development	R 627 039, 71
Community Services	R 397 404, 16
TOTAL	R 7 201 621, 11

Section 36 (1)(a)(i)	1 124 255,24
Section 36 (1)(a)(ii)	1 239 311,40

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Section 36 (1)(a)(iii)	-
Section 36 (1)(a)(iv)	-
Section 36 (1)(a)(v)	R 4 838 054,47
Total	7 201 621,11

- c) The bulk of the deviations may be addressed via competitive bidding processes, proper planning and this office are continuing to assist user departments with the sourcing of specifications in order to attempt to reduce the occurrence or re-occurrence of some deviations.
- d) A multi-year plan for operational activities can assist in the reduction of deviations, in essence, apart from having Demand Management Plan, SCM will attempt to develop a plan for all other items budgeted for each and every financial year regardless of the value.

2.8.8. COMPLIANCE WITH MFMA AND SCM POLICY

- a) During the year under review, there was a deterioration in the management of the MFMA Section 32 matters as evidenced by the increase in irregular expenditure. This increase, which was not originally identified by management but picked up by the Auditor – General, occurred as a result, in the main, of the misapplication of the provisions of the provisions of Regulation 29 of the SCM Regulations. To curb this challenge the Accounting Officer directed that there must always be a SCM practitioner in attendance, In the absence of the Chief Financial Officer, another manager directly accountable to the CFO must be appointed for that particular meeting and that the BAC has been constituted such that that it would never have a quorum if all senior managers are not in attendance.
- b) The municipality has been found not to be adhering to the requirements pertaining to calculation of points in terms of PPPFA 2017. In terms of Preferential Procurement Regulations of 2017, paragraph 6(1) stipulates that the following formula must be used calculate points out of 80 for price in respect of a tender with a Rand value equal to or above R30 000 and up to a Rand value of R50million, **including all applicable taxes** . Again this was more of misinterpretation of the regulation. Going forward, the municipality when evaluating a tender calculations on preferential point system include all applicable taxes.

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- c) There were issues of non-compliance in application of SCM Regulation 36, a matter which also requires attention when approving deviations to ensure that they fall under authorised categories of regulation 36 and reasons for deviating are justifiable.
- d) The use of SCM Regulation 36 of Supply Chain Management transactions have decreased

2.8.9. RELATED PARTIES

Company Name	Relationship	Position of the person in the state	Amount
Isiphile Trading 2013	Family to Ntombizanele Thuli	Chief Buyer	R 325 527
Mozi Auctioneers	Family to Hlubikazi Mduzulwana	Manager: SCM	-
Abojali Developers Enterprise	Sibling to Nandipha Ntaka	Intern: BTO	R 43 410
Thozama and AB Trading Enterprise	Mother to Vuyokazi Nodikana	SMME Development Officer	R 9 231
K201248808/Siphesihle Trading	Daughter to Bulelwa Sahlulo	Registry Clerk	R 96 050
Mfana 83 Trading	Spouse to Zizipho Mbana	Clerk – Expenditure	R 11 250
Imbokodo Women Trading Enterprise	Mother to Fundisiwe Tshaka	Senior E-Natis Clerk	R 5 250
Luvo Lukattita (PTY) Ltd	Director in the organ of the state in the last twelve months		R 150 150
Lonaphiko	Husband to Nomtha Nkani	Bids and Contracts Officer	-
ITY Trading	Sibling to Nombulelo Pula	Cleaner: Parks and Amenities	22 200
TOTAL AMOUNT			R 663 068

2.8.10 COMPLIANCE WITH NEW PPPFA 2017 (SUBCONTRACTING)

- a) The municipality developed and reviewed its construction procurement strategy in 2018, which is aimed to withstand for a period of three (3) years. This strategy is designed to ensure that the Primary objectives of the municipality as well as secondary objectives by ensuring that the main contractors who have successfully been appointed subcontract 30% of the value of the contract to Local SMME's
- b) A subcontracting strategy has been developed for Mount Fletcher revitalization programme which also stipulates how the above will be achieved.
- c) This local development initiative will also ensure that Local SMME's received training on construction field.

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- d) A Sub construction plan document has also been developed to ensure compliance with the procurement strategy.

2.8.11. IRREGULAR EXPENDITURE

Opening Balance	R 334 699, 00
Add: Irregular Expenditure - current year-	R 49 865 350, 61
Less: Amounts recoverable (Not written off)	R 11347, 30
Less: Amounts not recoverable (written off)	R 49 888 662, 31

Incidents/cases identified in the current year include those listed below		
	2 019,00	2018
SCM Processes not followed	73 492,23	16 740,00
Deviations not in line with SCM Regulation 36	6 280,00	188 220,00
Incorrect calculations of Preferential Points during evaluation	1 287 359,58	0
Breach of Regulation 29 , where there was less than 4 Senior Managers sitting in the BAC	48 452 134,55	54 325 657,00
Making use of non compliant service providers	46 084,25	0
TOTAL	49 865 350,61	54 530 617,00

Cases/Incidents		
	2 019,00	2018
SCM Processes not followed	15,00	4
Deviations not in line with SCM Regulation 36	2,00	1
Incorrect calculations of Preferential Points during evaluation	5,00	0
Breach of Regulation 29 , where there was less than 4 Senior Managers sitting in the BAC	4,00	10
Making use of non compliant service providers	7,00	0
	33,00	15

2.8.12. CONCLUSION

- Elundini Municipality has been implementing the Supply Chain Management Regulations through the Supply Chain Management Policy. Any shortcomings or inadequacies in the implementation of the Supply Chain Management Policy are constantly addressed.
- Demand Management will be a focus area and progress will also be reported regularly.
- Organogram will be reviewed to address risk already identified so as to eliminate risk on procurement processes.
- Projects and procurement are being planned with cognisance of the requirements of the Supply Chain Management legislative framework to ensure that the process of the municipality are fair, equitable, transparent, competitive and cost-effective and comply with the prescripts of the Municipal Finance Management Act in order to give effect to Section 217 of the Constitution

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2.9. BY-LAWS

There were no new by-laws that were developed nor current by-laws reviewed for the year under review.

2.10. COMMUNICATION

2.10.1. Development of Communication and Social Media Policies

Elundini Local Municipality (ELM) developed a Communication Strategy (2017-2022) which has social media communication as one of the strategic communication pillars. Social media communication was adopted as one of the biggest communication strategies because almost everybody now owns or has access to one of the gadgets like telephone, smart phones, tablets, iPads, computer, etc.

A need for the development of social media policy arose to establish rules of engagement and give guidance on how the Council, stakeholders, communities and municipal employees should engage with ELM social media platforms to advance effective communication and to ensure that diverse audience of ELM is accommodated through various social media platforms that are predominantly accessible to ELM communities and stakeholders.

There is currently no regulatory framework guiding social media communications, so this social media policy is generally informed by the general communication regulatory framework:-

- ✓ The Constitution of the Republic of South Africa, 1996
- ✓ Local Government Municipal Systems Act, no. 32 of 2000, Chapter 4: Community Participation
- ✓ Promotion of Access to Information Act, 2000
- ✓ Promotion of Administrative Justice Act, 2000
- ✓ Public Service Act, 1984
- ✓ The Protection of Personal Information Act, 2013
- ✓ The Copyright Act, 1987
- ✓ Electronic Communications and Transactions Act, 2000

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2.10.2. Establishment and performance of social media platforms

ELM Council approved the Communication Strategy aimed at improving communication effectiveness about service delivery to the community. For the past three quarter ELM communicated service delivery information to communities in this platform and this confirmed that social media has become an easy communication tool to communicate service delivery issues. The first Social Media Policy was developed in 2018. At least 4 social media platforms are being utilised with Facebook being the most popular and active followed by WhatsApp with Twitter and Instagram being less active.

For the quarter January – March 2019 ELM’s Facebook page stood at 2 287 followers and with 2 287 likes and this number has since grown 3 411 followers and 3 381 likes, registering a growth of 1 124 followers and 1 094 likes. From the previous financial year ELM Social Media page has managed to increase its followers and people who like the page. The Facebook has grown grew to 2 287 followers and with 2 287 likes. The number now stands at 2 597 Likes and 2 610 people who follow the page.

To populate our page, targeting the unemployed youth, we are now posting vacancies, job seminars. Notwithstanding its popularity it has also managed to also attract negative responses and that is why it was important to set up rules of engagement in the form of a Social Media Policy. We also populate the Facebook page in another platforms like the IDP Rep Forum and Local Communicators Forum, it’s also included in municipal publications like the quarterly newsletter Bluesnow, bi-quarterly internal newsletter “The Buzz” etc.

2.10.3. Development of Internal Communication Publication

Strategic internal communication can do more than keep employees informed – it creates a positive state of mind. It can ensure that they work towards a common goal through clear direction and vision. This reduces the capacity for workplace conflict and encourages a knowledge-sharing environment that motivates for better performance and a “bigger-picture” approach.

There is a need to complement public communication with improved internal communication to inform employees. Internal communication should be strengthened to ensure that employees are kept abreast of what municipality is doing to deliver services to the broader public. Clear, concise and consistent communication educates employees, enabling them to appreciate the value of their institutions’ programs and goals. It is a significant element in engaging employees and keeping them focused, committed and productive and aligning everyone’s activities.

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ELM first published its bi-quarterly internal publication, The Buzz” in 2018. From its launch issue, the focus had been on introducing the newly recruited employees which is in itself is a step towards serving the community with a full staff complement. As the production of the issue progressed, the focus changed to supply information on the various departments within the municipality and internal events. The intentions of the publication are:-

- ✓ creating a platform for departments to share important information for the benefit of all employees;
- ✓ to close a communication gap within the institution about service delivery issues;
- ✓ keeping staff informed about municipal administration and its systems as well as knowledge about the roles of each departments.

2.10.4. Websites Uploads

ELM uses its website to publish all documents and information it wishes to share with its community. Below is the list of documents placed on the municipal website.

Table 15: Website Content Upload

Municipal Website: Content and Currency of Material		
Documents published on ELM's / Entity's Website	Yes / No	Publishing Date
Draft IDP and Budget 2019 – 2020	Yes	05 April 2019
ELM Final IDP 2018 – 2019	Yes	03 July 2018
ELM Final Budget 2018 – 2019		27 June 2018
ELM Institutional SDBIP 2018/2019	Yes	26 July 2018
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2014) and resulting scorecards	Yes	31 July 2018
Final Annual Report for Year Ended 30 June 2018	Yes	01 February 2019
Adjustment Budget June 2018	Yes	02 March 2018

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Oversight Report on the Annual Report for the year ended 30 June 2018	Yes	29 March 2019
IDP and Budget Process Plan 2018 – 2019	Yes	02 October 2018
ELM Amended SDBIP 20118 – 2019	Did not have any amendments	
Disposed of vehicle	Yes	10 May 2019

2.11. PUBLIC SATISFACTION ON MUNICIPAL SERVICES

For the year under review, ELM did not conduct any Community Satisfaction Survey except for the one that was facilitated by Resa Analytics in the financial year 2017/2018.

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CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

COMPONENT A: BASIC SERVICES

For the year under review, ELM has managed to spend 100% of its capital budget on capital projects identified for this financial year in terms of the municipality's IDP. For the basic services key performance area, the following was achieved during the year under review:

- ✓ 14 204 indigent households received access to free basic services;
- ✓ 7 269 households and commercial properties had access to refuse collection services;
- ✓ 935 households were connected in the electrification programme by ELM;
- ✓ 1 250 households were connected in the electrification programme by ESKOM;
- ✓ 70 street lights were installed in Maclear;
- ✓ 3,6 km of Sonwabile to Old Location paved roads and Stormwater were upgraded;
- ✓ 2 km of Sithole paved streets and Stormwater were upgraded;
- ✓ 71% of Vincent paved streets and Stormwater were upgraded;
- ✓ 1,47 km of Mjikelweni unpaved access roads and Bridges were constructed;
- ✓ 3.10 km of unpaved T74 access roads via Mohoabatsane to Khohlong were constructed;
- ✓ 70% of Liphofung access road was constructed;
- ✓ 5,7 km of Ntabayikhonjwa unpaved access road was constructed;
- ✓ The construction of Mt Fletcher Sports Field was completed;
- ✓ 224,5 km of District Roads (DR) were maintained under Public Works Service Level Agreement;
- ✓ 1 child care facility was rehabilitated;

3.1 ELECTRICITY

A total number of 2 185 households were connected during the year under review. This figure includes 935 households connected by ELM and 1 250 by ESKOM. The table below is a testament to the improvement of electrification backlog reduction in ELM:

Table 16: Household Electrification

WARD	Number of villages	Total households	Electrified	Electrified (15/16)	Electrified (16/17)	Electrified (17/18)	Electrified (18/19) ESKOM	Electrified (18/19) ELM	Not electrified	% not electrified
1	12	2 823	2 635	565	1117	592			188	7%

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2	7	3 275	2 466							
3	12	2 381	1 823						279	12%
4	21	2 336	1 797	349	603				539	23%
5	15	2 712	2 348			89			275	10%
6	10	4 968	4 732						236	5%
7	24	3 378	2 150		523	237			357	11%
8	21	2 502	988			538		226	539	22%
9	6	2 354	1 648			105			601	26%
10	15	3 962	2 575			518	200		669	17%
11	16	3 065	1 488		35	105			1 437	47%
12	12	4 430	2 882	326		125			234	5%
13	10	2 773	749	300	250	199		709	605	22%
14	15	2 708	486			500	250		1 472	54%
15	10	8 071	626			539	800		6 106	76%
16	25	3 960	478			538			2 833	72%
17	16	2 866	1 784		471				611	21%
TOTAL	247	58 564	31 655	1540	2 999	4 364	1 250	935	17 790	30, 4%

As can be seen on the table below, the electricity section had 17 posts during the year under review, 15 of them were filled and only 2 remained unfilled:

Table 17: Electricity Services Employment

Employees: Electricity Services					
	2018	2019			
Job Level	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 to 3	3	3	2	1	33. 3%
4 to 6	5	5	4	1	20%
7 to 9	-	2	2	-	-
10 to 12	8	6	6	-	-
13 to 15	-		-	-	-
16 to 18	1	1	1	-	-
19 to 20	-		-	-	-
Total	17	17	15	2	11. 8%

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The table below is the capital expenditure in the electricity division during the year under review:

Table 18: Electricity Capital Expenditure

Capital Expenditure 2018/19: Electricity Services					
R' 000					
Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	26 748 220.45	26 748 220.45	26 748 220.45	0.00	
Rural Electrification Programme	25 636 000.	25 636 000	25 636 000	0.00	25 636 000
Street Lights	1 112 220.45	1 112 220.45	1 112 220.45	0.00	1 112 220.45

3.2 Waste Management

The municipality had a properly configured waste and environment unit comprising general staff, supervisors, Superintendent, Education and Awareness Practitioner and Manager: Waste and Environment. The Manager: Waste and Environment was designated as a Waste Management Officer (WMO) in terms of section 10 of the NEMWA Act. Refuse collections from households and commercial businesses within Elundini was collected in terms of an approved collection schedule. The number of all serviced units and commercial properties stand at 7 269 to date inclusive of newly added residential areas in Maclear and Mt Fletcher, namely Maxhegweni, Phola Park, New and Old Blocks and in Mt Fletcher). Street cleaning was done on a daily basis and includes litter picking and clearing of identified illegal dumps.

Towards end of the financial year a new initiative was started which included conducting waste and environment education among affected communities before illegal dump clearing program took place. The program was conducted monthly and rotated among the three towns of Elundini. Another new initiative started mid-year during 2018/2019 involved repairs to the Ugie Materials Recovery Facility (MRF) in an attempt to support waste recycling. The facility would benefit local recyclers who were

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organized into cooperatives. For purposes of operating the MRF when it is completed, a secondary cooperative would have to be established as the operating agent of the facility for the benefit of all affiliated recycling cooperatives. Continued use of EPWP workers enhanced various cleaning programs and in the main was utilized to augment dwindling staff numbers during shifts as well as assist in clearing of illegal dumps.

The management and operation of waste sites remained a challenging issue in the municipality. The contracted private party through a Public Private Partnership agreement performed below expectations which resulted to some invoices not honoured due to certain performance information not being provided. Where such information was provided penalties became a norm for failure by the contractor to meet certain output specifications as per the agreement. The municipality then reviewed the waste and environment unit's structure to provide for landfill staff as part of readiness and preparations to take over from the contractor at end of the contract. These people ought to be recruited on a more urgent basis to enable their immediate introduction and mentoring into the landfills programs as part of growing internal capacity.

A few of the challenges which are being attended to on a continuous basis relate to aging fleet for regular collection, provision of containers (trolley bins) to enable the effective service of business units. More skip bins are also needed to provide a sustainable bulk waste service containment and removal. The rolling out of a program of street litter bins for effective litter control is envisaged for the 2019/2020 financial year.

Achievement in Waste Management Program

- Winner of the GMC completion in 2018 at District level, entered the Provincial leg and won 2nd runner up and a prize money of 200 000. The prize money has been used for minor renovations of the Ugie Material Recovery Facility for ensuring an enabling environment for recycling activities.
- Collection Services to more than 7 057 households and 212 Businesses/institutional customers as per collection schedules.
- Daily Street Cleaning and Skip Bin Removal Services for various customers with addition of wheelie bins to be purchased and rented by willing commercial customers at a fee that will be determined with the assistance of the revenue unit.

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- Three (3) LVDS were purchased for three Waste and Environment Supervisors to enable supervision and monitoring of staff. An additional LDV was yet to be purchased for Superintendent Waste and Environment.
- Linking of the refuse fleet to the municipal vehicle tracking system for control and monitoring purposes;
- Ongoing monitoring of the execution of the PPP contract with Interwaste;
- Employment of beneficiaries by the Department of Environment, Forestry and Fisheries (DEFF) formerly known as DEA, for assisting the municipality with education and awareness campaigns on environmental management as well clearing & management of illegal dumping areas;
- Cleaning of identified illegal dumping areas on a quarterly basis through partnership with the district municipal health services;
- Developed annual awareness campaign plan for education and awareness campaigns in the form of events and door-door, there's partnerships with schools on these campaigns as well assisting some schools prepare for the Enviro awards organized by DEDEAT annually;
- Assistance of recyclers within the municipality through trainings and development of business proposals for sourcing of funding;
- Beautification of open spaces and parks within the municipality for eradication of illegal dumping of waste as well for awareness purposes.

Education and Awareness

ELM continuously initiates programmes to increase awareness concerning waste management and particularly to promote a cleaner environment to live in, in and around residential areas. The main purpose of these programmes is to raise awareness and educate Elundini residents on issues related to cleanliness, waste, environmental management and sustainable development. The Waste management awareness focuses on the anti-littering programmes for the public/clean up campaigns. The campaigns are held as a joint undertaking with the JGDM (Municipal Health Services).

Parks, Amenities and Open Spaces

There are no major landscaping initiatives undertaken by the municipality apart from identifying neglected open spaces and what looks to have been beauty or recreational parks. These are done on town by town basis depending on identified spaces of interest. Two of these are being landscaped and beautified in Maclear. Ugie has a few open spaces adopted by local communities who landscape and

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plant flowers and shrubs for purposes of beautification. These are spaces which have been heavily littered with waste and sometimes used as hiding spaces for vagrants and criminal elements.

The municipality's indirect contribution to greening and landscaping of spaces is done through honouring Arbor Days through which donated trees are distributed to local schools the remainder of such trees being planted around sport fields and parks. Apart from being able to deal with structural fires albeit to a limited degree as highlighted earlier the municipality is an affiliate to the Maclear Protection Association specifically for purposes of dealing with veld fires. This arrangement is based on annual subscription and undertaking that the association which has adequate capacity and machinery to deal with veld fires also do so even in areas where the municipality have jurisdiction.

3.3 Housing

Section 26 of the Constitution of South Africa says that "everyone has the right to have access to adequate housing". In this regard the "State must take reasonable legislative and other measures within its available resources to achieve the progressive realization of this right." Thus the Constitution creates obligations for government to take all reasonable actions to ensure that all its people have the opportunity to acquire a home. Schedule 4 of our Constitution stipulates what functions each sphere of government is responsible for. It states that housing is a function of our National and Provincial Governments. Although the finance for housing development is provided by National Government, through Provincial Government, through the process of co-operative governance our municipality has become involved in the roll-out of housing projects.

Municipalities are responsible for setting housing delivery goals. To set feasible and reasonable targets, municipalities need to have a good overview of the housing demand. This does not only include the number of houses that are needed, but also the types of houses, their locations etc. To get a good overview, the municipality needs to collect information that can assist them in providing the kind of housing that the people need. Although ELM is a rural municipality there is a demand for housing in the rural area but there is also a call for housing projects in the urban area which requires the municipality to coordinate and delivery of housing to ensure that housing projects are delivered at the right time, the agreed price and the specified quality.

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The above, in terms of urban housing, really forms part of the function SP&ED which means that in the past that urban housing and rural housing has been split.

It must be remembered that the greater the number of rural housing projects, the greater the call for additional services in terms of roads water and sanitation.

Municipalities are responsible for ensuring sound public participation for all forms of housing development. Such public involvement begins with the development of a Housing Sector Plan which can meet the needs of all parties. In order to reach all involved interest groups, it is often necessary to use a variety of methods for communication and consultation. An example of such a plan is part of the Integrated Strategic Development Framework.

Currently ELM has commenced with the process of registering housing needs on the Department of Housing's database. This is important from a point of view of keeping and maintaining a credible data base of beneficiaries otherwise than paper registers which get lost, damaged or misplaced. Training is done by the Provincial Human Settlements Department. For the 2018/2019 period the Human Settlements Section captured 10 083 requests

The unit dealing with Human Settlements is set to be incorporated into the Infrastructure department in the next financial year as an outcome of a restructuring exercise of ELM. The municipality will even in this case retain its facilitation status. As of now, the accreditation for a full housing provision status has not been deemed to be desirable owing to a number of challenges among which are capacity and budget constraints. The housing unit of the municipality consists of only one official who is a link between ELM and the Department of Human Settlement in the Province.

Housing projects for 2018/2019 financial year as reported by ECHD are as follows:-

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Project	PROGRESS	CHALLENGES	INTERVENTIONS
Elundini – Sinxako 486 – Phase 2) Wards 6 (target for 2018/19 is 50)	Units Completed 42 (target = 50 for 2018/19 FY) Contractor reached agreement on Site to build 100 additional units making 150	Progress within agreed target as per Contract agreement (50 units). SP experienced bad terrain & Double handle, unable to achieve 150	Requested Tamandla to beef up Capacity SP initiated a Cession to chase remaining target (depending of available Funds.
Katkop 500	Units Completed - 496	Additional Retaining Walls require extra findings, Historic issues (Cession from PPI to Takela Group)	Requested additional fund approved
Mangoloaneneg 365	Units Completed s- 366	Projected Completed ready for close-out once retentions are done	

3.4 Free Basic Services and Indigent Support

The ELM annually reviews its Indigent Support Policy whose basic principles are captured by indicating that the policy ensures that poor households are not denied their constitutional right of access to services. The ELM implements an indigent support policy that makes adequate financial provision to ensure the provision of efficient and sustainable services to all residents within the area of jurisdiction. For the year under review ELM managed to provide free basic services to 14 204 qualifying beneficiaries.

The indigent support policy is an integral part of the Elundini's Tariff Policy that is developed and implemented in a transparent manner to ensure the sustainability of local public services to all of its citizens at an affordable cost. Critically as part of ELM commitment to improve continued access to service and provide a basket of free services as part of the poverty alleviation programme, Council has resolved to accelerate the provision of solar system to non-grid electrified homes within the municipal area (7 500 new applications over the MTREF), to this effect the service delivery targets have been amended to reflect this target; indigent support funding envelope has significantly increased to R 32.9 Million over the 2013/2014-2015/16 MTREF. The table below indicates the number of households with access to free basic services:

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Table 19: Free Basic Services

Free Basic Services To Low Income Households						
	Number of households					
	Total	Households earning less than R2,800 per month				
		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%
2013			5 403		838	
2014			4 260		1 173	
2015			5 022		4 202	
2016			8 265		4 050	
2017		9 418	5 512		3 906	
2018		14 343	10 428		3 915	
2019		14 204	10 837		4 030	

The table below depicts the expenditure incurred in the provision of the free basic services:

Table 20: Financial Performance

Financial Performance : 2019 Cost to Municipality of Free Basic Services Delivered									
Services Delivered	2015	2016	2017	2018			2019		
	Actual	Budget	Actual	budget	Adjustment budget	Actual budget	budget	Adjustment budget	Actual budget
Electricity	2,051,098.52	2,973,665.00	2,552,913.00	2,751,000.00	2,751,000.00	2,751,000.00	R2 939 564	R2 939 564	R2 939 564
Waste Management (Solid Waste)	2,453,197.68	1,998,927.00	2,053,003.00	2,231,000.00	2,231,000.00	2,231,000.00	R2 349 045	R2 349 045	R2 349 045

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COMPONENT B: ROAD TRANSPORT

3.5 ROADS

ELM, during the year under review, managed to achieve the construction and upgrading of roads as highlighted in the section 1.2 above. As at the end of 30 June 2019, staff complement in the Building & Civil Works Unit, comprised of the following personnel:

- ✓ 1 x Manager: Buildings and Civil Works;
- ✓ 1 x Administration, Database & Contacts Officer;
- ✓ 2 x Roads Technicians (one for urban maintenance and the other for rural maintenance);
- ✓ 1 x Building Control Officer;
- ✓ 2 x Foremen (one for urban maintenance and the other for rural maintenance);
- ✓ 1 x Foreman (Storm Water Maintenance + SLA);
- ✓ 1 x Plant mechanic;
- ✓ 2 x Artisan Aids (plant mechanics);
- ✓ 12 x Plant Operators;
- ✓ 2 x vacant post for Operators and;
- ✓ 5 x General workers.

In constructing and upgrading of municipal roads, ELM had the following plant during the year under review:

Plant:-

- ✓ 1 x 20 ton excavator;
- ✓ 2 x Construction Graders;
- ✓ 1 x Maintenance Grader;
- ✓ 3 x Articulated Dump Trucks;
- ✓ 2 x 4x4 TLBs;
- ✓ 1 x Agrico Tow Tractor and 15ton Grid Roller;
- ✓ 1 x 18000lt Water Truck;
- ✓ 2 x 12ton Vibratory Roller;
- ✓ 1 x 8000lt Water Truck;
- ✓ 1 High Pressure Jetting Machine;
- ✓ 1 x 10m³ Tipper Truck;

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- ✓ 1 x 8 ton Truck;
- ✓ 1 x 4 ton Truck and
- ✓ 1 x Bobcat

Vehicles:-

- ✓ 5 x LDV;
- ✓ 2 x Mahindra Bolera and;
- ✓ 2 x Toyota Avanza
- ✓ 1 Grader, TLB , 1 ADT located in Maclear and Ugie
- ✓ 1 Grader, Roller, 1 ADT, TLB, Excavator, Agrico located in Mount Fletcher
- ✓ 1 Grader, Roller, 8000 LTs Water Tanker to service SLA roads.

The table below depicts the kilometres of gravel roads maintained, constructed and upgraded to a surfaced standard:

Table 21 : Gravel Road Infrastructure

	Kilometres					
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded	Gravel roads upgraded to tar	Gravel roads graded/maintained	Surfaced Road
2014/15	921km	27km	6km	-	305 km	-
2015/16	525km	50, 2km	11km	-	167, 8 km	-
2016/17	525km	29.46km	-	2.1km	-	5448m ²
2017/18	525km	29.46km	-	-	-	4712 m ²
2018/19	525km	-	-	-	202.55 km	2626m ²

The table below depicts the capital expenditure on infrastructure projects for the year under review:

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Table 22: Capital Expenditure

Capital Expenditure : 2019 Infrastructure projects					
Capital Projects	2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	25 218 738.05	25 218 738.05	27 578 097.63	-2 359 359.41	
Construction of Emjikelweni Access Road and Bridge phase 2	615 000.00	615 000.00	610 339.79	4 660.21	4 000 000.00
Upgrading of Sithole Streets & Stormwater	5 600 000.00	5 600 000.00	5 380 085.29	219 914.71	11 731 757.21
Upgrading of Vincent Streets and Stormwater	6 271 443.31		6 296 788.36	-25 345.05	16 423 057.06
Construction of Mohoabatsane Access Road	1 400 000.00	1 400 000.00	1 251 117.89	148 882.11	3 626 302.00
Construction of Sonwabile Access Road	1 988 988.41	1 988 988.41	1 460 505.37	528 483.04	23 209 953.15
Construction of Lower Liphofung Access Road	6 543 306.51	6 543 306.51	8 184 830.55	-1 641 524.04	10 125 000.00
Construction of Ntabayikhonjwa Access Road	2 800 000.00	2 800 000.00	4 394 430.38	-1 594 430.38	9 302 105.49

3.5.1 WASTE WATER (STORMWATER DRAINAGE)

Although there were delays in repairing the stormwater drainage equipment due to the fact that parts had to be ordered from overseas suppliers, the section managed to achieve 5.6km of its 7.8km planned targets for the year under review. As alluded in Component A above, stormwater drainage was upgraded at Sonwabile to Old Location, Sithole and Vincent location during paving of streets.

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3.6 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

ELM does not provide any public transport facility to its communities and the service is only rendered by the private operators. ELM continued to operate two Driving Licence Testing Centres (DLTCs) in Mt Fletcher and Maclear. Both these centres are staffed with examiners and related systems. The e-Natis system provided its services from both DLTCs for the registration of motor vehicles. ELM also operated learner testing to assist people to obtain learners licenses. The Vehicle Testing Station (VTS) is under construction in Mt Fletcher to cater for services that both DLTCs are unable to render. The old VTS in Maclear requires recalibration. Currently residents have to travel to other municipalities for this services something that comes with great inconvenience on their part. As part of enhancing traffic services function three posts of traffics and three law enforcement officers respectively were added as part of ongoing capacitation for the law enforcement. The Public Safety unit of the department has had its structure reviewed to provide for 2 posts of Management Representatives as part of its compliance with Department of Transport Regulations

COMPONENT C: PLANNING AND DEVELOPMENT

3.7 PLANNING

3.7.1 SPLUMA Implementation

SPLUMA has been promulgated on 1 July 2014 and the municipalities have a period of 5 years to fully implement the legislation. During the year under review, the department of Planning and Economic Development has done the following activities to implement the SPLUMA:

- ✓ Developed the Draft Land Use Scheme is in place and will be approved in 2019/20 financial year;
- ✓ Developed the Draft Wall-to-Wall Spatial Development Framework has been approved in 2018/19 financial year

Adoption of By- Laws

Of the five standard by-laws received from the Department of Rural Development and Land Reform (model planning and land use by-laws; model framework for delegations; model of tariffs; transitional provision and supporting document); the Elundini Municipality has customised, adopted and gazetted the land use by-law. The SPLUMA delegations framework has also been adopted by the Elundini Council and is being implemented.

The establishment of Municipal Tribunal

The Council of ELM has resolved that the institution will form part of the District Tribunal with Joe Gqabi and the other local municipalities under this district (Senqu and Walter Sisulu Local Municipalities). Joe Gqabi District council has taken a resolution to establish a District Planning Tribunal; all municipal Councils have nominated municipal representatives to sit in the Tribunal. Local municipalities have signed a service level agreements as compiled by the District even though no sitting has been done yet.

Processing of Land use applications

The municipality has started to consider the SPLUMA applications through its authorised official as well as through tribunal. The municipality, though, is experiencing technical challenges in the consideration of the applications and is being assisted by the district municipality to overcome some of the challenges. ELM will in the financial year 2019 -20 develop a register for all applications processed.

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Table 23: Application for Land Use Development

Applications for Land Use Development								
Detail	Formalisation of Townships		Rezoning		Built Environment		Sub Divisions	
	2018	2019	2018	2019	2018	2019	2018	2019
Planning application received	4	9		4	-	-	4	5
Determination made in year of receipt	-	-	-	-	-	-	-	-
Determination made in following year	-	-	-	-	-	-	-	-
Applications withdrawn	-	-	-	-	-	-	-	-
Applications outstanding at year end	0	9	-	4	-	-	4	5
Subsidised housing	-	-	-	-	-	-	-	-

The dual approval of land use applications due to unrepealed provincial legislation is still a great challenged for the land use applications.

3.8 LOCAL ECONOMIC DEVELOPMENT

3.8.1 SMME DEVELOPMENT

3.8.1.1 Contractor Development Programme

The Municipal Council took a decision to concentrate on the construction sector as one of the main developmental sectors in the industry. ELM reviewed its Procurement Construction Strategy which has two categories of objective, the primary which focuses on quality service delivery, the secondary objective, which are aligned with the development of the SMME contractors such as follows:

- promote broad based black economic empowerment
- promote local employment (temporary and permanent) through the delivery of the works;
- develop small enterprise capacity to undertake the portions of the work as subcontractors and the maintenance of the completed works;
- retain as much of the project expenditure within the Elundini Local Municipality; and
- Support skills development by increasing the number of people who have part qualifications, national qualifications and professional designations awarded by statutory councils

At the time of the review of the construction strategy, there were 135 Grade 1s and only 5 contractors graduated from grade 1 to grade 2, but the year ended with 9 grades. 2018/19 ended with 25 contractors graduated from grade 1 to grade 2, with an overall of 220 contractors. The growth of the

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SMMEs can be associated not only with the municipal programs alone, but also with other government programs implemented in the area.

3.8.2 MASONARY DEVELOPMENT PROGRAMME

Although barriers of entry are high for SMMEs for the equipment manufacturing due to high capital requirement, high resources requirement for accessing technology, the Premier's office funded the municipality 1, 9 million to promote the entry in this industry. The role of the municipality with its partner, Elundini Cooperative Development Centre (CDC), was to ensure that the project was implemented in a sustainable way and benefits the local industry. The municipality should partner with the ELCDC and pilot a brick road construction with bricks manufactured from the Mount Fletcher brick site.

3.8.2.1 Co-operative Development Centre and its Governance

The cooperative development centre was established in 2015 in partnership with DEDEAT and ELM to ensure that the following business services are localised:

- ❖ Basic Services:
 - ✓ Assistance with pre-incorporation training to start up co-operatives;
 - ✓ Basic training of members in co-operative enterprise skills;
 - ✓ Access to sources of finance;
 - ✓ Co-operative economy directory
- ❖ Business planning;
 - ✓ Enterprise development advice and guidance to new and existing cooperatives;
 - ✓ Tender Advice and information;
 - ✓ Co-operative Advice;
 - ✓ Facilitation of market access;
 - ✓ Mentoring; and
 - ✓ Linkages with other co-operatives and SMMEs.

In 2018/19 ELM took a decision to put an interim board in place to lead the repositioning of Elundini CDC after suffering a temporal setback following an institutional arrangement for management that failed to promote accountability and transparency of the institutional. The interim board, with the assistance of the Accounting officer of Elundini and the Council managed to establish a board and to

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appoint a Centre Manager to ensure good governance based on the principles espoused in the king's code of Good governance. Through this process the following guiding documentation was also put in place:

- ✓ Governance framework
- ✓ Memorandum of incorporation
- ✓ Profile of the board members
- ✓ Elundini CDC board Charter
- ✓ Institutional structure
- ✓ Job Description of the Centre Manager

3.8.3 AGRICULTURAL DEVELOPMENT

3.8.3.1 1 Hectar 1 Household

After a consultation session between ELM and the provincial head of Department of Rural Development, which was held on the 19 April 2018, ELM submitted a funding proposal for 1Ha/1Household to the Department of Rural Development in the month of August 2018.

Several planning sessions were held with 3 wards affected and the following was achieved:

- ✓ Household profiling was done for each affected village;
- ✓ Three cooperatives were registered through the assistance of Elundini CDC;
- ✓ The benefiting community members are as follows:
 - Ward 14 – 250 household members
 - Ward 07 – 64 household members
 - Ward 13 – 62 household members

The funding allocation of R9 million was set aside by Rural Development for the project and implementation is due in 2019/20 financial year. The project would be implemented in partnership with ELM, Elundini Co-operative Development Centre and National Department of Rural Development.

3.8.4 WOOL DEVELOPMENT PROGRAMME

ELM commissioned Council for Scientific and Industrial Research (CSIR) to review the existing feasibility and business plan for wool hub development for Elundini municipality. The business did not only consider the scouring line but also considered the value chain analysis and other pragmatic downstream enterprises for immediate implementation. The project suffered commitment from Provincial government which led to the local wool growers soliciting political intervention from the province. ELM and the local Wool Growers Association (WGA) established partnership with provincial government through ECRDA to implement the project from April 2020. The memorandum of understanding between ELM, ECRDA and the local wool growers would be signed in 2019/20. The business plan was reviewed and would be finalised in October 2019.

3.8.5 TOURISM PROMOTION

3.8.5.1 Maclear Tourism Information Centre

Maclear Tourism Information Centre (MTIC) significantly improved its functionality amid renovations and human resource capacity strengthening. MTIC as a result was able to offer services during the week and on Saturdays. Local and international visitors were able to receive tourist information in real time. The presence and assistance or guidance of Tourism Information Officers led to extension of tourists' stay as they influence visitor choice of stay. The average number of twenty-five (25) visitors were assisted at MTIC on a monthly basis.

3.8.5.2 Tourism Awareness

ELM in partnership with its local Tour Guides conducted tourism awareness which targeted schools and Councillors and visited historic cultural heritage site and museums and rock arts. This tourism awareness was done to promote local tourism.

3.8.5.3 Partnership with National Department of Tourism

ELM in 2018/19, accepted partnership with National Department of Tourism which has a mandate to develop and maintain the National Tourism Information and Monitoring System. The two appointed interns are placed at the Municipal Tourism office to collect the local tourism data.

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3.8.5.4 Craft Centre

The craft Centre since its establishment was utilised to market the products of local crafters and was able to display its product to be sold by the passing by tourists. ELM appointed two officials at the Craft Centre for operational support. In 2019/20 financial year ELM intends to configure the space at the craft centre to have Tourism information Centre.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.9 LIBRARIES; ARCHIVES; MUSEUMS; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

Libraries are a function of the Department of Sport, Recreation, Art and Culture and ELM runs them on an agency basis. To give effect to this arrangement a Service Level Agreement was signed with the provincial government who is subsidizing the services to the tune of R750 000. This also catered for the incorporation of three (3) modular libraries located in rural wards which ideally should also be incorporated into the agreement as they fall within the jurisdiction of ELM.

All three towns operate library facilities through seconded professional librarians assisted by staff appointed by ELM. Some of the challenges regarding libraries include:

- ✓ Reliable access to internet services (in some libraries)
- ✓ Space constraints (no discussion rooms, offices etc.)
- ✓ Lack of dedicated maintenance plans
- ✓ Adequate funding
- ✓ Outdated Memorandum of Agreement

Infrastructure development for provision of community halls particularly in rural wards has been accelerated since the previous financial year. What has been learnt historically has been proper management and maintenance of the Halls. As of the end of the financial year a participatory model which involves using communities to look after the Halls has been conceptualised which shall be piloted in two wards. If successful the model will be rolled out to the rest of the wards which have been provided with community halls. ELM has during the year under review constructed two community halls, namely, Nkalweni and Botshabelo, although Nkalweni is still under construction and is expected to be finished in March 2018.

The table below depicts the expenditure incurred in constructing the two community halls:

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Table 24: Capital Expenditure for Community Halls

Capital Expenditure Year 2019: Community Halls					
Capital Projects	Year 2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	4 500 000	4 500 000	3 384 860.66	1 115 139.34	9 000 000.00
Construction of Ilisolomzi Community Hall	2 000 000	2 000 000	1 383 324.76	616 675.24	4 500 000.00
Construction of Lower Tsitsana Community Hall	2 500 000	2 500 000	2 001 535.90	498 464.10	4 500 000.00

3.10 CEMETERIES AND CREMATORIUMS

The state of municipal cemeteries was not a pleasing one for previous years and the year under review especially considering that most used cemeteries are by now almost running out of burial space. It was estimated that Mount Fletcher cemetery would only last until June 2020. Ugie community continued to conduct illegal burials by utilizing a closed cemetery despite a portion of land that was made available in Bhekela Township for use as an alternative. The latter is not a properly planned cemetery with the necessary Geotech studies having been conducted to determine suitability. At the current state in which it is, it can easily be categorized as an informal burial site with no control and regulation of burials as legally required.

The Ugie town cemetery was equally utilized though also not regulated and controlled resulting in no order of burials nor applications received by ELM to conduct burials. Maclear was in a similar position as the two other towns. Other than the old town cemetery, communities used illegally established burials sites. It was agreed that cemeteries that were almost full should be prioritized and further developed and extended to provide more burial space. It was further agreed that all cemeteries should be properly regulated and controlled in terms of the requirements of the relevant cemetery by-law. Cemetery proper regulation applied in the case of Ugie and Mt Fletcher. Some land parcel was identified in Maclear however this is pending the outcome of investigations into its suitability or otherwise.

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All the above steps are important for cemetery management system's immediate implementation which was adopted by ELM. This is the positive that ELM must build on going forward and necessitates formalization of all cemeteries over time. ELM does not operate a crematorium.

3.11 SPECIAL PROGRAMS

The Special Program Unit is responsible for Women empowerment; Youth development, and Mayor's Social Investment; People with disabilities (PWD) and HIV & AIDS coordination functions.

3.11.1 Women empowerment

The Women Empowerment Strategy which was developed by ELM in 2014/2015 financial year gave guidance on how best to advance development of women including women who received technical and business training during The Kairos Moment implementation. The strategy promotes empowerment of women through the establishment of women-owned industrial sites targeting clothing and textile, hair and beauty sector to ensure improves local economy by 2020. Women in hair and beauty were prioritised for support in 2017-2018 and 2018-2019 to create bigger and better business opportunities and build credible business profiles to attract resources for business growth and sustainability.

For the implementation of the strategy to address the above; the following projects were implemented for 2018 -2019 financial year:-

- a) The Kairos Moment 'Breaking New Grounds' Hair and Beauty
- b) Girls with Positive Attitude (GiWPA) and Real Mens' Revolution (RMR)
- c) Project Sitha Solwazi

The following is the progress as per the planned activities per project:

2 The Moment 'Breaking New Grounds' Hair and Beauty

This project as alluded in the introduction focussed on women in hair and beauty. The support that was planned for these women was business infrastructure development through provision of business containers in Maclear for five (05) women businesses. Targeted women businesses were former winners

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of The Kairos Moment Show in the category of Hair and Beauty, procurement process has started in this financial year, the project is envisaged to be finalized in the next financial year.

3.11.2 Girls with Positive Attitude (GiWPA) and Real Mens' Revolution (RMR)

Girls with Positive Attitude is a project aimed at boosting young girls and boy's confidence in life and to know who they are and their purpose of existence. The discussion were focusing on the issues of children's responsibilities against Brutal Killings taking place in our societies, children's views on General Legalization of Weed, children's rights versus responsibilities and their effects in our societies. The month of April and May were scheduled for the commencement of the project. A Project Steering Committee (PSC) was set up comprising of the municipality, sector departments and civil society organisations. The project was implemented in three phases, the first phase was ward debates that took place on 08, 11, 12, 15, 16 and 17 of April 2019, the second phase was cluster debates which took place on the 13, 15 May 2019 and last phase was final debates which took place on the 11 June 2019.

Schools that participated and benefited are the following Bethania SSS, Lehana SSS, Edward Zibi High School, Sidinane SSS, Thakabanna SSS, Ilingeletu SPS, Mohoabatsane SPS, Ntoko PS, Mangoloaneng SPS, Magedla JPS, Bethania JSS, Umtha Welanga High School, Zendise JSS, Lower Snxaku JSS, ET Tabane All inclusive school, Maclear Public SPS, Ngxaza SPS, Maclear Methodist JPS and Nolufefe SPS. There was a career expo that the department of labor had organized where the learners from schools and other youth from the community benefited by interact with the higher learning institutions for career guidance and early applications for next year and other departments for employment opportunities.

3.11.3 Project Sitha Solwazi

Project Sitha Solwazi is an information sharing project which is meant to empower women in business with information to start and grow their businesses. This project is part of Women Development Strategy implementation. During strategy development a challenge of poor support for women-owned businesses and lack of information to empower women in business to make informed decisions was identified. Project Sitha Solwazi is a direct response and intervention for this challenge. This project over the last years; was implemented through quarterly information sessions wherein government agencies, government institutions and private businesses from around the Eastern Cape were facilitated to come

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over to share their services with women. In 2018-2019 financial year, 3 information sharing sessions were conducted as per the table below:

Institution	Session	Date	Information benefited	Number/percentage of women benefited
Department of Labour	Women owning and aspiring to start businesses	18 September 2018	Department of Labour shared information relevant for employers. Importance of registering for taxes, conducting early tax returns and registering employees for UIF and paying UIF fees for employees.	90% women mostly with existing businesses
Google Africa, OTP and Department of labour	Business support services and Funding information	21 September 2018	Google Africa offered a presentation on opportunities that are available to publish and market business and the opportunities available in the internet for job seekers	60% was young women
Land bank and Office of the Premier	General services available	24 January 2019	Land bank offered presentations of agricultural funding opportunities they have wherein amongst other are Grants and Loans	70% was young women

3.11.4 Youth Development

3.11.4.1 Capacity Building

During 2018-2019 financial 10 youth business from various wards were identified for training by SPU office working with Office the Premier. They were trained through the Tsolo Agricultural Institution in their special business operation areas such as crop and vegetable production, piggery management and animal management, they were issued with certificates of competence and of attendance. This was an initial step towards the practical support of providing these businesses with the required skill and

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information to boost their businesses. Youth office and OTP further visited business sites to identify their needs.

A workshop with involvement of Joe Gqabi DM, SAYC, Office of the Premier-Youth section, Department of Labour and Google Africa was organised on 21 September 2018 for 170 elundini young people. The intentions of the program was to capacitate youth on the following:-

- How to write an attractive and effective CV
- How to apply using technology i.e. online application
- Registration of youth on Department of Labour database
- Presentations on youth program provided in the Premier's office for the benefit of young people, e.g. available trainings, funding and etc.

3.11.4.2 Youth Business Support

Department of agriculture handed over tractors and heifers to youth businesses, as follows; 10 Holstein dairy cows and 1 tractor was given to Magidigidi Services (ward 7) to improve production as he is supplying milk to surrounding schools and communities and employing youth, a tractor to Oribidale Farm (ward 1), 1 tractor to iphupha lethu youth project (ward 16). This support was given in order for these projects to be more productive and develop to be commercial farmers.

Maclear Piggery Cooperative LTD is one of the businesses that are supported by the Office of the Premier. Due to the challenge of unavailability of conducive land for Piggery project, the municipality, Office of the Premier and members of the cooperative agreed to change the cooperative from piggery business to vegetable production project. The members with the assistance of the municipality found a three hector plot and they fenced it with support from OTP.

3.11.4.3 Mayoral Cup

Since 2010, ELM hosted 08 successful Mayoral Cup events wherein 05 codes participated, namely; soccer, netball, rugby, athletics and horse racing. The Mayoral Cup was launched to be an annual event to promote and nurture sport development and talent and was implemented subsequent to a strategic planning session which was held in 2010 which identified strategic programs/projects to be pursued for youth development. ELM is striving to ensure that sport continues to grow and that it reaches a point

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where its community pursues career through sport. The program also responds to the Municipal Systems Act chapter 4(16) which says that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose (a) encourage and create conditions for, the local community to participate in the affairs of the municipality.

Mayoral Cup focused on under 19 of age youth participation as it stressed and wanted to focus on development and participation to Steve Tshwete Games and other developmental programs which strictly focuses on age restriction. Mayoral cup was hosted from 16 February 2019, it started with ward games, followed by cluster games which were played on the 23-24 March 2019, horse racing on the 30 March 2019 in ward 5 then final games were played on the 6th April 2019. All ward winners received sets kits.

Following are the wards that played in the finals and were awarded:

Code	Wards	Final Results
Soccer	03 vs. 06	Ward 06 took 1 st Prize Ward 3 took 2 nd Prize Wad 14 took 3 rd Prize
Netball	09 vs. 08	Ward 9 took 1 st Prize Ward 8 took 2 nd Prize Ward 2 took 3 rd Prize
Rugby	02, 03 and 05	ward 5 took 1 st Prize Ward 3 took 2 nd Prize Ward 2 took 3 rd Prize

Other Sports Activities

Honourable Mayor in partnership with NSP Events Management Co donated prizes for the amount of R16 000 to the tournament which was held in ward 6 Ngcele, Jamangile Sports Ground on the 20 April 2019. This amount was split into first prize R8000.00, second Prize R5000.00, third prize R3000.00.

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3.11.5 Mayor's Social Investment (MSI)

In 2012, the ELM designed a program called Mayor's Social Investment which had four main pillars. These pillars are Bursary Support/Assistance; In-service Training Support; Adopt a school; and Bridge of hope

a) Bursary Support/Assistance

ELM supported 04 students in this financial year, payments were fully processed to institutions for the following students:

- Siphamandla Mpanana: ND Agriculture in Nelson Mandela University.
- Kekeletso Chalatsi: Bachelor of Built Environment in Architecture.
- Ayanda Kula: ND Agriculture Economics in University of Fort Hare.
- Sikhanyiso Bali: ND Electrical Engineering Durban University of Technology

b) In-service Training Support

The following two students received in-service training support in order to complete their studies and to graduate:

- **Lentsha Letlala:** The municipality organized in-service training for him for the period of six months under IT section starting from June 2018 till end December 2018:
- **Khanyisa Joja:** She was a beneficiary of MSI bursary, now she has been absorbed permanently in the municipality under Community services Department as an Office Admin Clerk from 05 December 2018

c) Adopt a School

The project focused on improving numeracy and literacy from ELM identified foundation phase schools. The Department of Education identified and recommended 10 schools to participate in this program and 15 tutors were recruited, trained and placed in these schools. Currently the following schools benefited from this program: Mohoabatsane JSS, Ilingeletu JSS, Mount Fletcher Village All Inclusive School,

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Ngxaza JSS, Maclear Public School, Lukhanyisweni JSS, Elunyaweni JSS, Chebenca JSS, Fletcherville JSS and Solomzi JSS.

d) Bridge of Hope

Bridge of Hope for the year under review supported seven projects as part of celebrating 100 years of centenary and women's month celebration. These projects were:

- ✓ Donation of R10 000 voucher for soup kitchen was handed over to the United Presbyterian Church to buy groceries for their soup kitchen which supports destitute and needy families.
- ✓ Cheshire Home, an NPO in Mount Fletcher, was supported with renovations.
- ✓ Lonwabo crèche was supported with painting of its walls.
- ✓ The Office of the Mayor in partnership with Raising Innovative and Visionary African Pillars provided donated toiletries to needy students that were identified by School management team to Umthawelanga High School. The package of the toiletries included sanitary towels in which ELM handed over 100 packs of sanitary towels to the young girls.
- ✓ On the 15 October 2018, the Hounarable Mayor handed over an RDP house to elderly couple Mr. Puseletso Kettle 81 years old and Mrs. Sindiswa Mvulane 50 years old, the house was furnished with a bed and its bedding linen, electric 4 burner stove, Kitchen table with chairs. The couple is dependent on social grants for living.
- ✓ The Office of the Mayor partnered with the Department of Education to award twenty (20) trophies to motivate schools and learners in our district.
- ✓ Three (3) female rape victims of the same family from Lower Sinxako who were raped by four (4) unknown men were visited by Councillors and officials. This incident occurred on payday and the victims were on their way home with groceries and during this saga their groceries were damaged and spilt. This was a sad day for the victims and their families as they are all dependent on child support grant. The Office of the Mayor donated groceries to the victims and also coordinated provision of counselling by the Department of Social Development.

3.11.7 People with Disability (PWD)

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People with Disability Strategy (PWD) was developed during the year 2017-2018. This reviewed PWD strategy focused on economic empowerment through creation of employment opportunities; establishment of cooperatives and small/micro enterprises, mainly in areas of manufacturing and agriculture; social upliftment of people with disability through education, skills development, communication and information-sharing; building of accessible infrastructure including transport. This has been a tool to find expression for PWD programs within the municipal integrated development plan. Two centers have been identified and signed service level agreement with the municipality to render the following services; Act as information centers for PWDs, Care and support for PWDs in Elundini Households, Roadshows/Awareness in the following wards 3, 4, 7, 8, 9, 10, 11, part of 15, 16 and part of 17. During the year under review, the following were done:

Deliverables	Activities	Timelines	Report
Act as information center for PWD	Provide support for members of the public regarding PWD issues in the Centre (walk ins). Rights, referrals, information sharing etc.	2018-2019	422 people visited in the centers These walk-ins comprises of doctors, physiotherapy and occupational health therapists, potential funders, social workers, parents to the children with disabilities and community members. Information shared and assistance offered: basic admission requirement to the centers, funding opportunities, referrals, home visits, physiotherapy for the children and PWD, health check-ups for PWD and care givers, donations, availability of sporting opportunities, care and support advices for family members living with PWDs in their homes and information on rights for PWDs.
Community Education on the awareness road	Organize 2 village awareness campaigns in the communities in the	2018-2019	Number of people reached: 348 villages reached: Zwelitsha, Mahlake, Nkamane, Tsekong, Ngqayi, Ilisilomzi location , Nkululekweni,

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shows and campaigns	wards specified above		and Mangoloaneng
	Organize 2 road shows in the communities in the towns of the wards specified above		wards: 12, 7, 8, 15, 9 number referrals: 17 referral destinations: SASSA, Home Affairs Siyamthanda center for the Disabled
Care and Support house holds	Conducts door to door visits in the villages of the specific wards above.		Number of people reached: 560 villages reached: Mcambalala, Zwelitsha, Msasangeni Batlokoa Tribal Authority, Lower Tsitsana Clinic Hlankomo, Batlokoa JSS, Mdeni Methodist Church Hall Mdeni A/A, Etyeni Tribal Authority Zwelitsha, Famini Komkhulu, Ntabamkitha, Powulini Village, Magwaca, Katkop, Sakhuthe and Sigoga Wards: 4, 8, 7,16 number referrals: 24 referral destinations: Department of Education

3.11.8 HIV/AIDS Coordination

In this financial year the municipality budgeted an amount of R1 003 686 to ensure coordinated response to HIV in Elundini through the Local Aids Council. The municipality supported 17 Home Community Based Care organisations (HCBC's) with an amount of **R11-500** each as stipend and in return the HCBC submitted quarterly reports of the services rendered as stipulated in the partnership agreement. In addition ELM has a responsibility to coordinate the Local Aids Council activities, all of this

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is covered under the above mentioned budget. Local Aids Council is functional and has successfully held all its quarterly meeting. The municipality hosted the World Aids Day event in partnership with sector departments and other civil society organisations. The municipality also conducted debriefing sessions for care givers.

EMPLOYEES IN THE SPECIAL PROGRAMS UNIT

The table below depicts the number of employees in the Special Programmes Unit:

Table 25: SPU Employees

Employees: Special Programmes					
Job Level	Year 2018	Year 2019			
	Employees	Post	Employees	Vacancies (fulltime equivalent)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	
4 – 6		1	1	0	
7 – 9				0	
10 – 12	3	3	3	0	
13 – 15	0	0		0	
16 – 18	1	1	1	0	
19 – 20	0	0	0	0	
Total	4	5	5	0	

3.12 COMPONENT E: ENVIRONMENTAL PROTECTION

3.12.1 POLLUTION CONTROL

ELM does not have an Air Quality Management Plan and air pollution bylaws in place and will have to consider developing these to primarily comply with the Air Quality Act, of 2004 as well as to ensure regular monitoring and management of air pollution in the area given various sources including P.G Bison factory operations. One of the standing programs is clearing g of illegally dumped waste next to or near rivers, streams, ditches and wetlands. Some of the wastes that gets removed includes used baby nappies, discarded household chemicals, lithium batteries, light bulbs etc. In all our formal landfill sites, burning of waste is strictly prohibited in order to prevent possible air pollution by contaminants from burning waste. Another control is prohibition and monitoring of incoming waste into landfills to ensure that no hazardous waste and health care risk waste is accepted as these elevate levels of ground/surface and underground water pollution.

The grassing and continuous maintenance of green spaces and landscaping of polluted open spaces through illegal dumping of waste is recognized by the municipality as having a major contribution to preventing windblown dust and therefore air pollution. Air pollution through poorly maintained vehicles is negligent in the municipality as law enforcement offices deal with such on a daily basis.

The only major source of air pollutants is recognized as PG Bison plant which through research and information published is sufficiently managed through monitoring of license conditions by the relevant provincial department. Attempts are being made to enforce mechanisms of disclose by PG Bison to over and above give assurance to the municipality that the levels of contaminants emanating therefrom are not toxic and significant enough to warrant any cause for concern. This shall be put into operation by the 2020/21 financial year.

3.13 COMPONENT F: HEALTH

In terms of the powers and functions, Environmental Health Services is a function of the JGDM while Primary Health Care services have been provincialized. ELM's responsibilities with regard to Municipal Health Services are in the area of issuing of business licenses to food handling premises as well as

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registration of general dealers, control of nuisances, overgrown erven, enforcement of related by-laws and National regulations as well as other issues which may affect public health.

In all Mayoral Outreach Programme held by the Mayor in her constituencies, the issue of health facilities always came up as a need because there ones that are available are either not easily accessible because of bad road infrastructure or are not enough to accommodate all community members they are supposed to service.

3.13.1 CLINICS

ELM does not run any clinics and the functioning of clinics is the competency of the Department of Health.

3.13.2 AMBULANCE SERVICES

ELM does perform any ambulance services and this function is the competency of the Provincial Department of Health.

3.13.3 HEALTH INSPECTION; FOOD AND ABATTOIR LICENSING AND INSPECTION; ETC

As guided by Schedule 5 Part B of the powers and functions as defined in terms of the Local Government: Municipal Structures Act as amended, ELM is only responsible for issuing licenses to businesses who trade by selling food and to street traders. Health inspection of these businesses is the responsibility of the district municipality. At the current moment ELM does not operate any abattoir and the existing abattoir applied for its operating license from the Department of Rural Development and Agrarian Reform (DRDAR) and Department Health.

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COMPONENT G: SECURITY AND SAFETY

3.13.4 POLICE, TRAFFIC AND LAW ENFORCEMENT

ELM does not have municipal police as yet and policing function is still a competency of the SAPS. The form of policing for the prevention of security and safety is rendered through traffic and law enforcement services. Currently the municipality has 14 officers. The Public Safety Unit's structure was amended to provide for two Management Representative Positions which would work hand in hand with traffic officers in their daily duties particularly at the driving learner testing centers (DLTCs). The table below depicts staff compliment within the traffic section:

Table 26: Traffic Officers

Employees: Traffic Officers					
Job Level	Year 2018	Year 2019			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Traffic & Law Enforcement	1	1	1	0	0%
Other Police Officers					0%
0 – 3					0%
4 – 6	3	6	2	4	66.7%
7 – 9	-	-	-	0	0%
10 – 12	5	11	5	6	54.5%
13 – 15	0	0	0	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	9	18	8	10	0%

3.13.5 FIRE

ELM has fire services which at present are not responsive enough to meet current demands especially considering the geographic spread of the areas needing to be serviced. Such impact heavily on response times in the event of a fire breaking out. This often leads to responses however which do not effectively ensure the fire is extinguished before much destruction and threats to lives. Notwithstanding these challenges ELM embarked on an intensive further training of fire officers to ensure they were competent in their work. ELM also upgraded its fire engines by purchasing an additional skid unit for the two fire officers. The challenge for now related to procurements delays in securing proper protective clothing for fire fighters.

COMPONENT H: SPORT AND RECREATION

3.13.6 SPORT AND RECREATION

ELM has had challenges when it comes to the provisions of public amenities (particularly sportfields and community halls) largely due to poor performance of contractors who frequently end up abandoning projects. This has been a growing trend over the years which the municipality seeks to address.

The table below depicts the expenditure the municipality incurred in constructing sports field during the year under review:

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Table 27: Capital Expenditure on Sports Fields

Capital Expenditure Year 2019: Community Halls					
R' 000					
Capital Projects	Year 2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	10 197 923.98	10 197 923.98	7 993 757.43	2 204 166.55	34 445 177.10
Construction of Ugie Sports field phase 2	7 201 354.32	7 201 354.32	5 661 422.02	1 539 932.30	12 781 750.57
Construction of Hopedale Sports field	1 100 000	1 100 000	465 087.60	634 912.40	12 626 972.00
Construction of Mount Fletcher Sports field	1 896 569.66	1 896 569.66	1 867 247.81	29 321.85	9 036 454.53

Sport and Recreation Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
<i>To ensure that all citizens in ELM have access to well-maintained public amenities.</i>	Number of sporting facilities	0	0	1	3	1	1	1	2
	Number of parks maintained according to predetermined check list	0	0	0	0	0	0	0	0
	Number of parks maintained according to predetermined check list	0	0	0	0	0	0	0	0

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.13.7 EXECUTIVE AND COUNCIL

This section deals with the function of the executive office that includes the Offices of the Mayor, the Speaker and the Municipal Manager. The table below depicts the number of employees and vacancies in each level:

Table 28: Executive and Council

Employees: The Executive and Council					
Task Grade	Year 2018	Year 2019			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	-	-	-	-	-
4 – 6	1	1	1	-	-
7 – 9	8	4	4	-	-
10 – 12	12	17	15	2	11. 8%
13 – 15	2	3	3	-	-
16 – 18	5	6	5	1	16. 7%
19 – 20	-	1	1	-	-
Total	28	32	29	3	9. 4%

3.13.8 FINANCIAL SERVICES

The financial services department has four (4) functions, viz. Supply Chain Management; Income and Revenue; Assets Management and Budget Planning, Monitoring and Reporting. The overall objective of the department is to ensure that the municipality remains financial viable.

3.13.9 HUMAN RESOURCE SERVICES

Critical to the survival of any institution is the development and functioning of its human resources. ELM as a small and rural municipality constantly finds itself competing with the private and public sector for limited human capital resources as a result ELM at times find it difficult to attract and retain competent and critical skills. The human resources department is an integral part of Corporate Services and is mainly responsible for the following functions as contained within the municipal IDP:

- ✓ Effective and efficient Recruitment and Selection of personnel.

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- ✓ Effective administration of staff benefits.
- ✓ Maintain sound Labour Relations.
- ✓ Ensure Occupational Health and Safety of employees.
- ✓ Wellness
- ✓ Training and development of staff and unemployed.
- ✓ Employment Equity development; implementation and reporting.
- ✓ Organizational design and development.
- ✓ Performance Management of staff below section 57 managers.

ELM has during the year under review cascaded its performance management system from the level of directors and managers to task grade 12 employees for individual performance and all these employees signed their performance agreements. Quarterly, mid-term and annual performance assessments were also conducted and all deserving employees were duly rewarded for their outstanding performance. All new posts and those that were added additional responsibilities as a result organizational review had their job description reviewed. ELM was awarded for its outstanding performance by SALGA for its outstanding performance during job evaluation process. As part of an on-going Human Resources Development process, ELM has recently reviewed a number of HR related strategies and policies.

3.13.10 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

1. Formulation of various ICT Governance Documents and Strategies

- ✓ ELM has constantly tried to ensure that it is operating with high integrity ICT Governance Standards to ensure compliance with regulations both local and internationally recognised standards. In this regards ELM took upon itself to ensure that it complies with aforementioned ICT Governance Standards in line with KING IV, ISO/IEC 38500, ISO 27001/2 POPI ACT and other relevant standards and practices by reviewing and benchmarking its existing policies, procedures, frameworks and strategies annually in order to align them with current updated standards.
- ✓ ELM appointed a suitable qualified service provider for a period of 12 months to assist in reviewing and developing the items listed below:

a. Implementation of the IT Governance as per the KING IV and COBIT recommendations:

- Review disaster recovery plan, operationalize and update to talk to the IT setup;

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- Prepare/review procedure manuals and team notes for disaster recovery;
- Supply and install Water and food prohibition signs at the main and disaster recovery site;
- Identify key documents and equipment for recovery plans and move copies to the recovery site;
- Develop IT Physical Access to Server Room Procedure;
- Review IT Risk Register;
- Develop IT Risk Management Procedure;
- Develop Change Control Procedure;
- Develop Backup and Recovery Procedure;
- Develop Patch Management Procedure;
- Develop Firewall Management Procedure;
- Develop Antivirus Management Procedure.

b. Implementation of Information Security:

- Carry out IT security awareness initiatives and campaigns.
- Support day-to-day administration of various firewalls.
- Proactively assess potential items of risk and opportunities of vulnerability in the network.
- Design and implement IT Security policies and procedures for the administration of security measures over the network, operating system.
- Implement strong password controls to authenticate system access. Incorporate this aspect in the IT Security policy.
- Ensure the ELM correctly configures firewalls routers within the network environment to ensure optimal protection against unauthorised access.
- Ensure that there is anti-virus software across the organisation to protect information systems.
- Ensure there is patch management process to prevent exploitation of vulnerabilities.
- Ensures that activities within the system network, including databases are tracked by using audit trails by someone independent of administration functions.
- Ensure that system configuration detect security vulnerabilities and that incidents are monitored, reported and resolved on a regular basis.
- Carry out checks / tests for effectiveness that Firewall, Anti-Virus and Spyware solutions to

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ensure the ELM's email, intranet and internet are protected.

- Perform additional related responsibilities as required to ensure compliance with the Auditor General's requirements and relevant laws and regulations.

c. Development of IT Master Systems Plan:

- Interview key stakeholders.
- Conduct the Business, Information, Applications, and Technology GAP Analysis.
- Develop IT Master Systems Plan that incorporates Implementation Plan.

d. Implementation of POPI:

- Conduct POPI Readiness Assessment.
- Develop Plan of Action for POPI Compliance that includes the development of Data Protection Policy and Procedures, Data Privacy Plan.
- Conduct POPI Compliance Assessment to comprehensively evaluate how Plan of Action is implemented to comply with POPI.

e. Development and Implementation of Business Continuity (BC) and IT Disaster Recovery (DR) Plans:

- Conduct Business Impact Analysis and Risk Assessment.
- Identify the Recovery Strategies.
- Prepare Business Continuity and IT Disaster Recovery Plans.
- Educate and Train on BC and IT DR Plans.
- Test BC and IT DR Plans and update accordingly.

The abovementioned activities have since been completed and presented to council for approval and adoption and are considered as official municipal guideline documents that will enhance service delivery.

2. Installation of new telephone system and cost containment strategy implementation

- ✓ ELM has previously been using a telephone system that was dependent on ordinary telephone lines. The new telephone system that has been deployed is referred to VOIP (**Voice Over Internet Protocol**) system. The system work over ELM's **LAN (Local Area Network)** instead of

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ordinary telephone lines. The main purpose to deploy this system within ELM's is to save costs when making calls to remote sites (**Ugie and Mount Fletcher**) as the system will read the sites as internal extensions instead of a foreign external phone number which bills the municipality.

- ✓ The telephone system has been deployed at the main site in Maclear and is now fully functional.
- ✓ Service Provider has been appointed to renew all network cabling and add new networking cables in newly developed offices and areas that were previously connecting via wireless. The main purpose the renewal is to ensure full compliance of the VOIP system as it cannot work through wireless connections.
- ✓ In terms of implementing the cost containment strategy, pins with airtime limits have been allocated to users and are being managed monitored by the new Ipecs system which automatically cuts off the user pins should they reach their monthly allocated pins.
- ✓ In addition to the abovementioned, the municipality is in the process of cutting allocated phone call pins in half in order to implement the cost containment strategy.

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3.13.11 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Properties

During the year under review, ELM conducted a comprehensive infrastructure asset register update which identified properties that were registered in the municipality's name in the deeds whereas they were not part of the asset register. This exercise also identified properties that were in the asset register and in the name of the municipality in the deeds office, however, the municipality did not have control over these properties, e.g. low cost houses. Accordingly these properties were then removed from the municipality asset register.

Legal

During the year under review, the legal section of ELM facilitated the following litigation matters:

CASE DETAILS	MUNICIPAL ATTORNEYS	NATURE OF CLAIM	CLAIM AMOUNT	PROGRESS
1. SADC Commercial Advertising (PTY) Ltd	Internally handled for now	Claim for services rendered [not detailed]	R35 995.00	On 4 th December 2018, responded giving notice of intention to defend. Nothing further has been undertaken by claimant.
2. Likotoz Projects	Previously approached attorneys Fikile Ntanyiya & Associates.	Claim is based on Acknowledgement of debt resulting from erroneous payments effected to the company.	R265 557. 89	To redirect instructions to newly appointed panel of attorneys.
3. Zilwa Contractors	Mgxaji Incorporated	Unlawful termination of a contract [Mt Fletcher Craft Centre]	R1 250 000.00	Awaiting for a trial date.
4. X. Mntonintshi	Gray Moodliar Attorneys	Unfair Labour Practice	None	The matter proceeded in the labour Court on 04 th September 2019 and the judgment remains reserved.

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5. SAMWU obo Z. Dube	Gray Moodliar Attorneys	Unfair Dismissal	None	The applicant failed to comply with the Practice Manual, and accordingly, its review application is deemed to have been withdrawn. The file was pending for three months, and within that period the applicant took no further steps. The applicant then served a rule 7A(6) notice together with the transcribed record on 23 July 2019, 112 days out of time. The applicant filed a rule 7A (8)(b) notice, standing by its notice of motion, on 25 July 2019. The Applicant failed to file a replying affidavit. Court file has been indexed and paginated. Await notice set down in respect of the municipality's special pleas.
6. Nangamso Civils		Summons commenced action for additional services rendered: Lehana to Upper Tokwana: Elm 03/039/2013-2014	R961 155.60	Awaiting for a trial date.
7. Mashata Sekhosana	Fikile Ntayiya & Associate	Interdict against land invasion	None	<ul style="list-style-type: none"> • Awaiting for a date of hearing. • May have to seriously consider counsel's Advice on Evidence in the matter.

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8. F. N. Vapi	McFarlen Attorneys	Claim for damaged resulting damaged car because of the municipality's negligence	R85 307.67	Matter is dormant as per attorney's advices.
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CHAPTER 4 : ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT)

COMPONENT A : 2018/2019 TOP LAYER ANNUAL PERFORMANCE REPORT

The table below depicts the overall top layer 2018/2019 annual performance:

Ref	KPI	Baseline	Annual Target	Revised Target	Overall Performance for 01 July 2018 to Jun 2019			Reasons for deviations, both positive and negative
					Target	Actual	R	
TL1	Number of households in electrification programme connected	22 637	1 100	1 100	1 100	935	O	Budget shortfall after completion of the designs could not allow for the completion of all houses as planned.
TL2	Number of Street lights installed in Maclear	100	70	70	70	70	G	
TL3	KMs of paved roads constructed: Upgrading of Sonwabile to Old Location Road and Stormwater	32.57km	5.50km	5.50km	5.50km	3.6km	O	Original scope was 5.5km but the contractor on site constructed 8.7km and was able to surface 3.6km. A request for additional funding has since been made to complete the remaining project scope.
TL4	KMs of paved roads constructed: Upgrading of Sithole Streets & Stormwater		2.30km	2.30km	2.30km	2km	O	Contractor could not complete the entire project scope due to a community strike of ward 3

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								residents who were disputing the appointment of ward committees
TL5	KMs of paved roads constructed: Upgrading of Vincent Streets & Stormwater		80%	80%	80%	71%	O	Contractor could not complete the entire project scope due to a community strike of ward 3 residents who were disputing the appointment of ward committees
TL6	KMs of unpaved access roads constructed: Mjikelweni Access Road & Bridge (Phase 2)		1.47km	1.47km	1.47km	1.47km	G	
TL7	KMs of unpaved access roads constructed: Construction of T74 via Mohoabatsane to Khohlong Access Road	525km	3.10 km	3.10 km	3.10 km	3.10 km	G	
TL8	KMs of unpaved access roads constructed: Liphofung Access Road		60%	60%	60%	70%	G2	70% of wearing course completed. Road signs not yet commenced. Project delayed by late appointment of the contractor. Project advertised in April 2018 but contractor only appointed in December 2018.

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TL9	KMs of unpaved access roads constructed: Construction of Ntabayikhonjwa Access Road		6 km	6 km	6 km	5.7km	O	Outstanding items on SMME packages (headwalls and concrete works). Project delayed by late appointment of the contractor. Project advertised in April 2018 but contractor only appointed in December 2018.
TL10	Number of public amenities constructed: Construction of Ilisolomzi Community Centre		1	1	1	0	R	Hall construction at 86%. Project delayed by SMME protest. Project stopped on 26 February 2019 by local SMMEs
TL11	Number of public amenities constructed: Completion of Mt Fletcher Sports Field	2	1	1	1	1	G	
TL12	Number of public amenities constructed: Lower Tsitsana Community Centre		1	1	1	0	R	Project delayed by late appointment of the contractor. Project advertised in April 2018 but contractor only appointed in December 2018.
TL13	Number of public amenities constructed: Completion of Ugie Sports Field Phase 2		1	1	1	0	R	Project delayed by late appointment of the contractor. Project advertised in April 2018 but contractor only appointed in

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								December 2018.
TL14	Number of public amenities constructed: Completion of Ngcele Sports Field		1	1	1	0	R	Project delayed by late appointment of the contractor. Project advertised in April 2018 but contractor only appointed in December 2018.
TL15	KMs of District Roads (DR) maintained under Public Works Service Level Agreement (SLA)	120km	220km	220 km	220 km	224.4km	G2	Additional requests were received from the office of the Mayor
TL16	KMs of access roads maintained under SLA	156km	200 km	200 km	200 km	202.55km	G2	Additional requests were received from the office of the Mayor
TL17	Number of rollover child care facilities built/rehabilitated	1	1	1	1	1	G	
TL18	Number of households and commercial properties with access to refuse collection services	7 558	7 558	7 558	7 558	7 269	O	This Figure reflects only those households and commercial properties that only appear on the billing report and do not correlate with the figures on the database of the department
TL19	The number of indigent households with access to free basic services	13 000	13 000	13 000	13 000	14,204	B	There were additional services, like gel, that were not originally

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								on the plan which were provided to communities
TL20	Number of young people (17-35 years) trained in critical skills development programmes	50	50	50	50	95	B	More people were trained than it was anticipated
TL21	Number of property development projects successfully completed	2 (Ugie Mixed Use, Ugie Middle Income housing)	2	2	2	1	R	The agreement signed in the Special Council of October 2018 is for Mt Fletcher Mall. The Maclear Mixed Development is still to be finalised with the assistance of National Treasury.
TL22	Rand value of property development attracted	R95m	R 25mil	R 25mil	R 25mil	R74 678 317	B	Actual investment value.
TL23	Number of jobs created through municipality's local economic development and social development initiatives including capital projects	3 550	617	617	617	1 685	B	More jobs were created than it was anticipated for and an increase is as a result of jobs created through Community Works Programme
TL24	% of the Municipality's budget actual spent on capital projects identified in terms of the IDP	100%	100%	100%	100%	100%	G	
TL25	Current Ratio	1.5:1	1.5:1	1.5:1	1.5:1	1.7:1	G2	
TL26	% of allocated budget for WSP spent	100%	95%	95%	95%	36.82%	R	The delays in SCM processes and

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								an inability to appoint suitably qualified training providers has led to the under expenditure of the allocated WSP budget
TL27	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	9	5	5	5	8	B	More positions have been filled together with the replacement positions
TL28	Number of Oversight Strategies developed	New indicator	1	1	1	1	B	The indicator was achieved before its actual planned target and the system recognised the efficiency
TL29	Level of proficiency of the Internal Audit unit (level 1 = Low, Level 2 = Medium, Level 3 = High)	New indicator	3	3	3	3	G	

Summary of Results

	KPIs with no targets or actuals in the selected period.	0
KPI Not Yet Measured	0% <= Actual/Target <= 74.999%	6
Unacceptable Performance	75.000% <= Actual/Target <= 99.999%	6
Performance not fully effective	Actual meets Target (Actual/Target = 100%)	7
Fully effective	100.001% <= Actual/Target <= 149.999%	4
Performance significantly above expectations	150.000% <= Actual/Target	6
Outstanding Performance		
Total KPIs		29

ANNUAL 2018/2019 INSTITUTIONAL PERFORMANCE ANALYSIS REPORT

INSTITUTIONAL ANALYSIS OF TARGETS ACHIEVED

Targets Planned	Targets Achieved	Targets not achieved	Targets partially achieved	% Achieved	% not Achieved	% Partially Achieved
29	17	6	6	58, 6%	20, 7%	20, 7%

2017/2018 INSTITUTIONAL PERFORMANCE ACHIEVEMENT ANALYSIS PER KPA

KEY PERFORMANCE AREAS	T T	TA	TN	TPA	% Achieved
KPA 1: Municipal Transformation and Institutional Development	1	1	-	-	100%
KPA 2: Basic Service Delivery and Infrastructure	19	9	4	6	47, 4%
KPA 3: Local Economic Development	4	3	1	-	75%
KPA 4: Municipal Finance Viability and Management	3	2	1	-	66, 7%
KPA 5: Good Governance and Public Participation	2	2	-	-	100%
TOTAL TARGETS /PERFORMANCE AREA	29	17	6	6	58, 6%

From the table above, it can be noticed that ELM had 29 planned top layer targets for the year under review. Of these planned targets, 17 targets were achieved translating into 58, 6%. Targets that were both partially and not achieved were 6 translating into 20, 7% each. There were various reason for either not fully achieving the targets or not achieving them at all and the reasons for those variances and remedial actions have been provided in the table above.

2018/2019 ANNUAL PERFORMANCE ANALYSIS REPORT
DEPARTMENTAL ANALYSIS OF TARGETS ACHIEVEMENT

MUNICIPAL MANAGER'S OFFICE

Ref	Strategic Objective	KPI	Baseline	Annual Target	Revised Target	Overall Performance 01 July 2018 – 30 June 2019			Reasons for deviations (negative and positive)
						Target	Actual	R	
D1	5. Support the development of SMME to participate in a diversified and growing economy.	Number of young people (17-35 years) trained in critical skills development programmes	50	50	50	50	95	B	More young people were trained than it was anticipated
D2	5. Support the development of SMME to participate in a diversified and growing economy.	Number of bursaries awarded	5	5	5	5	0	R	The MSI Committee could not seat due to other stakeholders not attending (Social development and Department of Education), we finally did screening and selection of possible recipients but verification was not done due to members of Social Development not being available and therefore no bursaries were awarded.
D3	7. Promote creation of employment	Number of new EPWP work	176	176	176	176	204	B	Additional EPWP workers

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	opportunities and decent jobs	opportunities created							due to resignations.
D4	5. Support the development of SMME to participate in a diversified and growing economy.	Number of Focus Groups SMMEs supported	4	4	4	4	2	O	One project for women could not be achieved due to bid specification design processes which required further research to be made and different approach in the packaging and delivery of the product. A project for youth development was cancelled due to assessment of non-readiness at the time of implementation.
D5	9. Enhance organisational performance and management of municipal resources	% of the Municipality's budget actual spent on capital projects identified in terms of the IDP		100%	100%	100%	100%	G	
D6	9. Enhance organisational performance and management of municipal resources	Number of own performance contract signed	1	1	1	1	1	G	
D7	9. Enhance organisational performance and management of municipal resources	% of quarterly review of employees on performance agreements	0	100%	100%	100%	100%	G	
D8	10. Improve public participation and oversight to enhance	Number of functional Ward Committees supported	16	16	16	16	16	G	

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	accountability								
D9	8. Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of Risk Implementation Monitoring Processes	1	4	4	4	4	G	
D10	8. Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of Mayor's Social Investment Projects Implemented	3	3	3	3	3	G	
D11	8. Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of Sport Development Projects Implemented	1	1	1	1	1	G	
D12	8. Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of HIV/AIDS Projects Coordinated	2	2	2	2	2	G	
D13	8. Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of wards supported towards the implementation of Ward Based Plans	17	4	4	4	17	B	This was due to change of approach during implementation to reach out to all wards to ensure all wards had implementation plans to guide community development.
D14	8. Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of Audit Action Plans implemented	1	1	1	1	1	G	
D15	8. Strengthen integrated planning,	Number of Risk-Based Internal Audit	1	1	1	1	1	G	

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	monitoring and evaluation of municipal programmes	Plans Implemented							
D16	8. Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of Strategic Planning Sessions organised	1	1	1	1	1	G	
D17	8. Strengthen integrated planning, monitoring and evaluation of municipal programmes	% of implementation of EXCO and Council resolution relevant to own department	100%	100%	100%	100%	100%	G	
D18	8. Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of ethics strategy activities implemented	New Indicator	21	21	21	21	B	Most activities that were meant to be achieved in Q3 & Q4 were achieved in Q1 & Q2 hence the system recognised the achievement as overachieved
D19	8. Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of Oversight Strategies developed	New Indicator	1	1	1	1	B	The development of the Oversight Strategies was meant to be achieved in Q4 but was achieved in Q3 hence the overachievement
D20	8. Strengthen integrated planning, monitoring and evaluation of municipal programmes	Level of proficiency of the Internal Audit unit (level 1 = Low, Level 2 = Medium, Level 3 = High)	New Indicator	3	3	3	3	G	
D21	10. Improve public participation and oversight to enhance	Number of municipal service delivery publications issued	0	1	1	1	1	B	The municipal service delivery publication was

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	accountability								meant to be issued in quarter 4 but was developed in quarter 3.
D22	10. Improve public participation and oversight to enhance accountability	Number of social media policies developed	New Indicator	1	1	1	1	B	The Social Media Policy was meant to be developed in Q4 but was developed in Q3 hence the overachievement
D23	10. Improve public participation and oversight to enhance accountability	Number of communication policies developed	New Indicator	1	1	1	1	B	The Communications Policy was meant to be developed in Q3 but was developed in Q2 hence the overachievement.
D24	10. Improve public participation and oversight to enhance accountability	Number of branding manuals developed	New Indicator	1	1	1	1	G	

Summary of Results

KPI Not Yet Measured	<i>KPIs with no targets or actuals in the selected period.</i>	0
KPI Not Met	<i>0% <= Actual/Target <= 74.999%</i>	1
KPI Almost Met	<i>75.000% <= Actual/Target <= 99.999%</i>	1
KPI Met	<i>Actual meets Target (Actual/Target = 100%)</i>	14
KPI Well Met	<i>100.001% <= Actual/Target <= 149.999%</i>	0
KPI Extremely Well Met	<i>150.000% <= Actual/Target</i>	8
Total KPIs		24

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SPATIAL PLANNING AND ECONOMIC DEVELOPMENT

Ref	Strategic Objective	KPI	Baseline	Annual Target	Revised Target	Overall Performance 01 July 2018 – 30 June 2019			Reasons for deviations (negative and positive)
						Target	Actual	R	
D43	2.1 Increase mining, agricultural, forestry and tourism products and services	Number of RAFI social mobilisation report produces	1	1	1	1	3	B	New area has been planned additional to the pilot area. Additional 1Ha 1HH business plan was compiled & submitted and a commitment of R9 Million was confirmed.
D44	2.1 Increase mining, agricultural, forestry and tourism products and services	Number of tourism initiatives supported	2	3	2	3	5	G2	Partnership with National Department of Tourism is implemented & 2 Tourism Officers appointed by National Department of Tourism are doing inventory on local attractions & servicing out Tourism Information Centre.
D45	2.4 Promote creation of employment opportunities and decent jobs	1. Number of jobs created through municipality's local economic development initiatives (agriculture, forestry and tourism)	26	26 (Forestry)	26	26 (Forestry)	43	B	The forestry jobs maintained only 12 jobs. Other jobs are from the RAFI Pilot.

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D46	2.2. Support the development of SMME to participate in a diversified and growing economy	1. Number of funding mobilisation plan developed for the CDC		1		1	1	G	
D47	2.2. Support the development of SMME to participate in a diversified and growing economy	1. Number of sustainability models developed		1		1	1	G	
D48	2.2. Support the development of SMME to participate in a diversified and growing economy	1. Number of local contractors in construction to graduate to the next grade (cumulative)	5	5	5	5	5	G	The municipality has also partnered with Provincial Department and national entities to implement its SMME Construction Strategy.
D49	2.2. Support the development of SMME to participate in a diversified and growing economy	1. Number of micro-traders provided with retail infrastructure	4	8	4	8	0	R	The trading zone is being developed where the micro trading infrastructure will be placed. Delays associated with issues of road reserves have been encountered.
D50	2.3 To increase investment through land and socio-economic infrastructure development	1. Hectares of land zoned for human settlements development, Gap and Middle Income housing)	New Indicator	8ha	New Indicator	8ha	36Ha	B	A holistic study on land invasion was done which led to the consideration of the zoning of the bigger area for settlement.

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D51	2.3 To increase investment through land and socio-economic infrastructure development	1. Number of property development projects successfully completed	2 (Ugie Mixed Use, Ugie Middle Income housing)	2	2 (Ugie Mixed Use, Ugie Middle Income housing)	2	1	R	The agreement signed in the Special Council of October 2018 is for Mt Fletcher Mall. The Maclear Mixed Development is still to be finalised with the assistance of National Treasury.
D52	2.3 To increase investment through land and socio-economic infrastructure development	1. Rand value of property development attracted	R95m	25 M	R25m	25 M	R74M	B	Actual investment value.
D53	2.3 To increase investment through land and socio-economic infrastructure development	1. Number of phases undertaken towards the development of LUS's and SDF's	0	3	0	3	5	B	All phases required were adhered to.
D54	2.3 To increase investment through land and socio-economic infrastructure development	1. Hectares of land zoned for commercial, industrial and institutional development.	15ha	2ha	2ha	2ha	2ha	G	
D55	3.2 Enhance organisational performance and management of municipal resources	1. % of Capital budget spent	100%	100%	100%	100%	51%	R	Road reserve & general plan issues delayed the implementation and an alternative approach was

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									advised later on.
D56	3.2 Enhance organisational performance and management of municipal resources	Number of own performance contract signed	1	1	1	1	1	G	
D57	3.2 Enhance organisational performance and management of municipal resources	% of quarterly review of employees on performance agreements	0	100%	0	100%	100%	G	
D58	3.1 Strengthen integrated planning, monitoring and evaluation of municipal programmes	% of implementation of EXCO and Council resolution relevant to own department	100%	100%	100%	100%	100%	G	
D59	3.1 Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of ethics strategy activities implemented	New Indicator	4	New Indicator	4	4	G	
D60	3.1 Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of Board of directors established for the CDC	New Indicator	1	New Indicator	1	1	G	
D61	3.1 Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of accounting reports issued by a registered accountant affiliated into a recognised professional body for the CDC	New Indicator	1	New Indicator	1	1	G	

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Summary of Results

KPI Not Yet Measured	KPIs with no targets or actuals in the selected period.	0
KPI Not Met	0% <= Actual/Target <= 74.999%	3
KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0
KPI Met	Actual meets Target (Actual/Target = 100%)	10
KPI Well Met	100.001% <= Actual/Target <= 149.999%	1
KPI Extremely Well Met	150.000% <= Actual/Target	5
Total KPIs		19

INFRASTRUCTURE PLANNING AND DEVELOPMENT

Ref	Strategic Objective	KPI	Baseline	Annual Target	Revised Target	Overall Performance 01 July 2018 – 30 June 2019			Reasons for deviation (positive and negative)
						Target	Actual	R	
D25	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	Number of households in electrification programme connected	22637	1 100	1 100	1 100	935	O	Budget shortfall after completion of the designs could not allow for the completion of all houses as planned.
D26	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	Number of Street lights installed in Maclear	100	70	70	70	70	G	
D27	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	% of Street Lights maintained	100% (878 street lights currently)	100%	100%	100%	100%	G	
D28	1. Efficient construction,	% of High Mast Lights	100% (47	100%	100%	100%	100%	G	

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	rehabilitation and maintenance of municipal infrastructure	maintained	High Mast Lights Currently)						
D29	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	Number of grants applications submitted for Smart meters	New indicator	1	1	1	1	G	
D30	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	Number of transformers in electrical network refurbished	3	2	2	2	0	R	Suitable service provider to refurbish electrical network could not be appointed and the tender has to be re-advertised
D31	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	KMs of electrical network maintained	28.4km electrical network	28.4km	28.4km	28.40km	32km	G2	Additional maintenance was required in Maclear after a substation blew requiring bypassing of the network
D32	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	KMs of paved roads constructed: Upgrading of Sonwabile to Old Location Road and Stormwater (W3)	32.57km	7.8km	7.8km	5.50km	3.6km	O	Original scope was 5.5km but the contractor on site constructed 8.7km and was able to surface 3.6km. A request for additional funding has since been made to complete the remaining project scope.
D33	1. Efficient construction,	KMs of paved roads				2.30km	2km	O	Contractor could not

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	rehabilitation and maintenance of municipal infrastructure	constructed: Upgrading of Sithole Streets & Stormwater (W3)							complete the entire project scope due to a community strike of ward 3 residents who were disputing the appointment of ward committees
D34	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	KMs of paved roads constructed: Upgrading of Vincent Streets & Stormwater (W17)				80%	71%	O	Contractor could not complete the entire project scope due to a community strike of ward 3 residents who were disputing the appointment of ward committees
D35	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	KMs of unpaved access roads constructed: Mjikelweni Access Road & Bridge (Phase 2) (W11)				1.47km	1.47km	G	
D36	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	KMs of unpaved access roads constructed: Construction of T74 via Mohoabatsane to Khohlong Access Road (W13)				3.10km	3.10km	G	
D37	1. Efficient construction, rehabilitation and maintenance of	KMs of unpaved access roads constructed:	525km	10.57km	10.57km	60%	70%	G2	70% of wearing course completed. Road signs not

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	municipal infrastructure	Liphofung Access Road (W15)							yet commenced. Project delayed by late appointment of the contractor. Project advertised in April 2018 but contractor only appointed in December 2018.
D38	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	KMs of unpaved access roads constructed: Construction of Ntabayikhonjwa Access Road (W12)				6km	5.7km	O	Outstanding items on SMME packages (headwalls and concrete works). Project delayed by late appointment of the contractor. Project advertised in April 2018 but contractor only appointed in December 2018.
D39	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	Number of public amenities constructed: Construction of Ilisolomzi Community Centre	2	1	1	1	0	R	Hall construction at 86%. Project delayed by SMME protest. Project stopped on 26 February 2019 by local SMMEs
D40	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	Number of public amenities constructed: Completion of Mt Fletcher Sports Field		1	1	1	1	G	
D41	1. Efficient construction, rehabilitation and maintenance of	Number of public amenities constructed: Lower Tsitsana		1	1	1	0	R	Project delayed by late appointment of the

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	municipal infrastructure	Community Centre							contractor. Project advertised in April 2018 but contractor only appointed in December 2018.
D42	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	Number of public amenities constructed: Completion of Ugie Sports Field Phase 2		1	1	1	0	R	Project delayed by late appointment of the contractor. Project advertised in April 2018 but contractor only appointed in December 2018.
D135	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	Number of public amenities constructed: Completion of Ngcele Sports Field		1	1	1	0	R	Project delayed by late appointment of the contractor. Project advertised in April 2018 but contractor only appointed in December 2018.
D136	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	KMs of District Roads (DR) maintained under Public Works Service Level Agreement (SLA)	120km	220km	220km	220km	224.4km	G2	Additional requests were received from the office of the Mayor
D137	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	KMs of access roads maintained under SLA	156km	200km	200km	200km	202.55km	G2	Additional requests were received from the office of the Mayor

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D138	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	Number of rollover child care facilities built/rehabilitated	1	1	1	1	1	G	
D139	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	Square meter of surfaced roads maintained	2800m ²	4 500m ²	4 500m ²	4 500m ²	2 626.71m ²	R	Slower production was experienced following the resignation of the urban foreman. Breakdown on municipal plant as well as a delay in the procurement of cold mix were experienced
D140	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	Number of bridges rehabilitated	New indicator	4	4	4	3	O	Late appointment of service providers. Bids were advertised in April 2018 but were only appointed in November 2018. An additional EIA was also required for Mhlontlo bridge which was only issued in May 2019.
D141	1. Efficient construction, rehabilitation and maintenance of municipal infrastructure	Number of compliance inspections undertaken	New indicator	12	12	12	27	B	More buildings were erected during the reporting period resulting in higher number of inspections being undertaken
D142	7. Promote creation of employment	Number of new EPWP work	176	235	235	235	260	G2	Additional personnel was







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	opportunities and decent jobs	opportunities created							hired under the SLA due to the department's request to have SMME's to construct drainage structures.
D143	9. Enhance organisational performance and management of municipal resources	% expenditure on all infrastructure grants	100	100%	100%	100%	99.96%	O	Target not fully met due to EEDSM remaining allocation not having been transferred to the municipality by DOE. DOE has confirmed that they erroneously sent the money to the wrong municipality
D144	9. Enhance organisational performance and management of municipal resources	% expenditure on Mt. Fletcher Infrastructure Upgrades funded by Office of the Premier	100	100%	100%	100%	100%	G	
D145	9. Enhance organisational performance and management of municipal resources	Number of OHS audits conducted	New indicator	12	12	12	26	B	Additional audits were carried out after a new OHS was hired
D146	9. Enhance organisational performance and management of municipal resources	Number of own performance contract signed	1	1	1	1	1	G	
D147	9. Enhance organisational performance and management of municipal resources	% of quarterly review of employees on performance agreements	0	100%	100%	100%	100%	G	

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D148	8. Strengthen integrated planning, monitoring and evaluation of municipal programmes	% of implementation of EXCO and Council resolution relevant to own department	100%	100%	100%	100%	100%	G
D149	8. Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of ethics strategy activities implemented	New Indicator	4	4	4	4	G

Summary of Results

	KPI Not Yet Measured	<i>KPIs with no targets or actuals in the selected period.</i>	0
	KPI Not Met	<i>0% <= Actual/Target <= 74.999%</i>	6
	KPI Almost Met	<i>75.000% <= Actual/Target <= 99.999%</i>	7
	KPI Met	<i>Actual meets Target (Actual/Target = 100%)</i>	13
	KPI Well Met	<i>100.001% <= Actual/Target <= 149.999%</i>	5
	KPI Extremely Well Met	<i>150.000% <= Actual/Target</i>	2
Total KPIs			33

CORPORATE SERVICES

Ref	Strategic Objective	KPI	Baseline	Annual Target	Revised Target	Overall Performance 01 July 2018 – 30 June 2019			Reasons for deviations (negative and positive)
						Target	Actual	R	
D69	3.2 Enhance organisational performance and management of municipal resources	% of allocated budget for WSP spent	100%	95%	95%	95%	36.82%	R	The delays in SCM processes and an inability to appoint suitably qualified training providers has led to the under

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									expenditure of the allocated WSP budget
D70	3.2 Enhance organisational performance and management of municipal resources	Connectivity uptime to access online municipal services	95%	95%	95%	95%	96.85%	G2	This is a result of good weather conditions and non-theft of cables during the year under review
D71	3.2 Enhance organisational performance and management of municipal resources	Number of institutional security strategy developed	New Indicator	1	1	1	1	G	
D72	3.2 Enhance organisational performance and management of municipal resources	Turnaround time to fill vacant budgeted and evaluated positions from the closing date of advertisement.	120 Days	90 Days	90 Days	90 Days	68 Days	G2	Filling of internal vacancies were prompt and those that took time to fill were those that had to qualifications and candidates vetted and verified.
D73	3.2 Enhance organisational performance and management of municipal resources	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	5	5	5	5	8	B	More positions have been filled together with the replacement positions
D74	3.2 Enhance organisational performance and management of	Number of own performance contract signed	1	1	1	1	1	G	

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	municipal resources								
D75	3.2 Enhance organisational performance and management of municipal resources	% of quarterly review of employees on performance agreements	0	100%	100%	100%	100%	G	
D76	3.2 Enhance organisational performance and management of municipal resources	% monitoring of latest antivirus and patch updates,	100%	100%	100%	100%	97.50%	O	This was as a result of the delays in procuring a suitable services provider for Software Licenses
D77	3.2 Enhance organisational performance and management of municipal resources	% of remote backups on financial & HR systems daily conducted.	100%	100%	100%	100%	100%	G	
D78	3.1 Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of Performance Management Procedure Manuals developed.	New Indicator	1	1	1	1	G	
D79	3.1 Strengthen integrated planning, monitoring and evaluation of municipal programmes	% of implementation of EXCO and Council resolution relevant to own department	100%	100%	100%	100%	100%	G	
D80	3.1 Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of ethics strategy activities implemented	New Indicator	30	30	30	30	G	
D81	3.1 Strengthen integrated planning, monitoring and evaluation of municipal programmes	Turnaround time for EXCO & Council resolution to be circulated to all departments	7	7	7	7	4.25	G2	EXCO and Council resolutions were circulated to departments almost immediately after each

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									meeting resulting in the reduced number of days
D82	3.1 Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of Occupational Health and Safety Management System developed	New Indicator	1	1	1	1	G	

Summary of Results

	KPI Not Yet Measured	<i>KPIs with no targets or actuals in the selected period.</i>	0
	KPI Not Met	<i>0% <= Actual/Target <= 74.999%</i>	1
	KPI Almost Met	<i>75.000% <= Actual/Target <= 99.999%</i>	1
	KPI Met	<i>Actual meets Target (Actual/Target = 100%)</i>	8
	KPI Well Met	<i>100.001% <= Actual/Target <= 149.999%</i>	3
	KPI Extremely Well Met	<i>150.000% <= Actual/Target</i>	1
Total KPIs			14

BUDGET AND TREASURY

Ref	Strategic Objective	KPI	Baseline	Annual Target	Revised Target	Overall Performance 01 July 2018 – 30 June 2019			Reasons for deviations (negative and positive)
						Target	Actual	R	
D119	3. Increase quantum of households receiving free basic services	The number of indigent households with access to free basic services	13 000	13 000	13 000	13 000	14,204	B	There were additional services, like gel, that were not originally on the plan which were provided to communities

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D120	5. Support the development of SMME to participate in a diversified and growing economy.	Average number of days taken to pay creditors	30 Days	30 days	30 days	30 days	9.7 days	B	There was an increased effort to pay creditors expeditiously
D121	8. Strengthen integrated planning, monitoring and evaluation of municipal programmes	% of contracts for capital projects monitored and enforced	New Indicator	100% (4)	100% (4)	100% (4)	100% (3)	G	
D122	9. Enhance organisational performance and management of municipal resources	Net Debtors Day	1241	200	1 200	1 200	159	B	The actual results excluded provision for impairment as AFS were not ready yet then, will be updated after the audited AFS are released
D123	9. Enhance organisational performance and management of municipal resources	Number of times the asset maintenance register is updated	New Indicator	4	4	4	4	G	
D124	9. Enhance organisational performance and management of municipal resources	Number of vehicle exception reports generated with flagged areas for consequence.	New Indicator	12	12	12	12	G	
D125	9. Enhance organisational performance and management of municipal resources	% of Capital budget spent	100%	100%	100%	100%	100%	G	
D126	9. Enhance organisational performance and management of municipal resources	Current Ratio	1.5:1	1.5:1	1.5:1	1.5:1	1.7:1	G2	







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D127	9. Enhance organisational performance and management of municipal resources	Collection Rate	95%	95%	95%	95%	126%	G2	Provincial Public Works started paying their debt in respect of rates for unsurveyed properties
D128	9. Enhance organisational performance and management of municipal resources	PPE Ratio (Repairs and Maintenance)	3%	3%	3%	3%	4%	G2	More efforts were put in place to improve on repairs and maintenance
D129	9. Enhance organisational performance and management of municipal resources	Number of asset verifications conducted	4	2	2	2	2	G	
D130	9. Enhance organisational performance and management of municipal resources	Number of own performance contract signed	1	1	1	1	1	G	
D131	9. Enhance organisational performance and management of municipal resources	% of Management staff who have undergone performance evaluation on a quarterly basis	100%	100%	100%	100%	100%	G	
D132	9. Enhance organisational performance and management of municipal resources	Cost Coverage Ratio	2 months	01:03	01:03	01:03	3	G	
D133	8. Strengthen integrated planning, monitoring and evaluation of municipal programmes	% of implementation of EXCO and Council resolution relevant to own department	100%	100%	100%	100%	100%	G	
D134	8. Strengthen integrated planning,	Number of ethics strategy	New Indicator	34	34	34	34	G	

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monitoring and evaluation of municipal programmes	activities implemented							
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Summary of Results

	KPI Not Yet Measured	<i>KPIs with no targets or actuals in the selected period.</i>	0
	KPI Not Met	<i>0% <= Actual/Target <= 74.999%</i>	0
	KPI Almost Met	<i>75.000% <= Actual/Target <= 99.999%</i>	0
	KPI Met	<i>Actual meets Target (Actual/Target = 100%)</i>	10
	KPI Well Met	<i>100.001% <= Actual/Target <= 149.999%</i>	3
	KPI Extremely Well Met	<i>150.000% <= Actual/Target</i>	3
Total KPIs			16

COMMUNITY SERVICES

Ref	Strategic Objective	KPI	Baseline	Annual Target	Revised Target	Overall Performance 01 July 2018 – 30 June 2019			Reasons for deviations (negative and positive)
						Target	Actual	R	
D94	1.1 Efficient construction, rehabilitation and maintenance of municipal infrastructure	Number of public amenities maintained	4	5	5	5	10	B	Minor repairs and maintenance to most public amenities are done and prioritised based on facility defects that occur from time to time and in response to complaints by councillors and members of the public.
D95	1.2 To promote environmental health	Number of health, safety	New	80	80	80		B	Health and safety

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	and safety of local communities	and security related interventions implemented	Indicator				154		interventions vary in form and approach required to institute them. The majority of them are necessitated by anticipated risks, requests by clients to help with such interventions and seasonal variations.
D96	1.2 To promote environmental health and safety of local communities	Number of households with accesses to refuse collection services	7336	7336	7336	7336	7 057	O	Figures on the billing report do not correlate with the figures on the database of the department
D97	1.2 To promote environmental health and safety of local communities	Number of commercial properties with access to refuse collection	222	222	222	222	212	O	Figures on the billing report do not correlate with the figures on the database of the department
D98	1.2 To promote environmental health and safety of local communities	Number of reported illegal dump sites cleared	New Indicator	40	40	40	85	B	Department decided to introduce a monthly illegal dumps clearance program with dedicated hit squads (all 3 towns) as opposed to responding to the report from EHPs containing list of illegal dumps they have identified.

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D99	1.2 To promote environmental health and safety of local communities	Number of approved landfill sites operational plans implemented	New Indicator	3	3	3	3	G	
D100	1.2 To promote environmental health and safety of local communities	Number of new waste management initiatives implemented	New Indicator	1	1	1	20	B	Number of initiatives aimed at bettering solid waste services cannot be planned with precision as most are conceived as part of addressing ongoing challenges met from time to time.
D101	1.2 To promote environmental health and safety of local communities	Number of land fill sites audits conducted	zero	1	1	1	1	G	
D102	1.2 To promote environmental health and safety of local communities	Number of animal pound audits conducted	New Indicator	1	1	1	0	R	A suitable service provide to conduct pound audit could not be appointed as all those who submitted their bids were not compliant
D103	1.2 To promote environmental health and safety of local communities	Number of entries to GMC competition	one	1	1	1	3	B	Progression to next stage of GMC competition is dependent on decision by panel of judges.
D104	1.2 To promote environmental health and safety of local communities	% of reported fire incidents responded to	zero	100%	100%	100%	100%	G	
D105	1.2 To promote environmental health	Number of inspection	28	80	80	80	97	G2	The number of inspections

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	and safety of local communities	related to fire safety							spike during winter season and based on various requests for compliance by businesses.
D106	2.4 Promote creation of employment opportunities and decent jobs	Number of jobs created through EPWP	194	180	180	180	1 201	B	This was borne out of creative means of delivering certain task through using the EPWP format of recruiting people, outside of the formal EPWP program of government.
D107	3.2 Enhance organisational performance and management of municipal resources	Number of own performance contract signed	1	1	1	1	1	G	
D108	3.2 Enhance organisational performance and management of municipal resources	% of quarterly review of employees on performance agreements	0	100%	100%	100%	100%	G	
D109	3.1 Strengthen integrated planning, monitoring and evaluation of municipal programmes	% of implementation of EXCO and Council resolution relevant to own department	100%	100%	100%	100%	100%	G	
D110	3.1 Strengthen integrated planning, monitoring and evaluation of municipal programmes	Number of ethics strategy activities implemented	New Indicator	4	4	4	8	B	The ethics implementation plan has limited number of ethics activities related to the department. Activities undertaken outside of the limited list were added as they

4.1 ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

As part of the IDP review process, the ELM has reviewed its Organogram to ensure that it is able to deliver on its constitutional obligations. In terms of the approved Organogram, ELM during the year under review had 343 positions and employed 291 employees and had 52 vacancies equalling 15, 2% vacancy rate.

4.2 COMPONENT B: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.2.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Of the 291 filled positions during the year under review, 141 are female employees, constituting 48, 5% of the total workforce and male employees are 150 making 51, 5% of the total workforce. Given these figures, ELM has not yet achieved the 50/50 streak in terms of Employment Equity it is envisaging to achieve. Below is the gender breakdown of staff compliment, including employees living with disabilities, of Elundini Local Municipality per occupational level:

Table 41: All employees

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1										1
Senior management	3				2						5
Professionally qualified and experienced specialists and mid-management	7			1	6						14
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	28	1		1	49			1			80
Semi-skilled and discretionary decision making	55				35						90
Unskilled and defined decision making	53				47	1					101
TOTAL PERMANENT	147	1		2	139	1		1			291
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	147	1		2	139	1		1	0	0	291

The tables below depict the number of employees, the rate of turnover and the vacancy rate:

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Table 42: Number of Employees

Employees					
Description	Year -1 2017/2018	Year 0 2018/2019			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies%
Water	-				-
Waste Water (Sanitation)	-				-
Electricity	17	19	15	4	21, 1%
Waste Management	96	94	88	6	6, 4%
Housing	-				-
Waste Water (Stormwater Drainage)	-				-
Roads	34	29	27	2	6, 9%
Transport	-				-
Planning	-	7	3	4	57, 1%
Local Economic Development	4	4	4	0	0%
Planning (Strategic & Regulatory)	5				-
Community & Social Services	23	50	31	19	38%
Environmental Protection	-				-
Health	-				-
Security and Safety	-				-
Sport and Recreation	-				-
Corporate Policy Offices and Other	103	140	123	17	12, 1%
Totals	282	343	291	52	15, 2%

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Table 29: Vacancy Rate

Vacancy Rate: 2019			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	4	0	0%
Other S57 Managers (Finance posts)	0	0	0%
Police officers	18	0	0%
Fire fighters	2	0	0%
Senior management: Levels 13-15 (excluding Finance Posts)	12	0	0%
Senior management: Levels 13-15 (Finance posts)	1	0	0%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	59	0	0%
Highly skilled supervision: levels 9-12 (Finance posts)	12	0	0%
Total	110	0	0%

Table 30: Staff turnover

Turn-over Rate : 2019			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Year -2	15	14	93, 3%
Year -1	38	12	31, 6%
Year 0	24	13	54, 2%

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COMPONENT C: MANAGING THE MUNICIPAL WORKFORCE

4.3 POLICIES

The table below illustrates the list of HR related policies available in ELM:

Table 31: HR Plans and Policies

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action/ Employment			
2	Attraction and Retention	X		4-Jul-07
3	Code of Conduct for employees	X		4-Jul-07
4	Delegations, Authorisation & Responsibility	X		4-Jul-07
5	Disciplinary Code and Procedures	X		4-Jul-07
6	Essential Services	X		4-Jul-07
7	Employee Assistance / Wellness	X		4-Jul-07
8	Employment Equity	X		4-Jul-07
9	Exit Management	X		4-Jul-07
10	Grievance Procedures	X		4-Jul-07
11	HIV/Aids	X		4-Jul-07
12	Human Resource and Development	X		4-Jul-07
13	Information Technology			4-Jul-07
14	Job Evaluation	X		4-Jul-07
15	Leave	X		4-Jul-07
16	Occupational Health and Safety	X		25-Jun-13
17	Official Housing	X		25-Jun-13
18	Official Journeys	X		25-Jun-13
19	Official transport to attend Funerals	X		25-Jun-13
20	Official Working Hours and Overtime	X		25-Jun-13
21	Organisational Rights	X		
22	Payroll Deductions	X		4-Jul-07
23	Performance Management and	X		4-Jul-07

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	Development			
24	Recruitment, Selection and Appointments	X		4-Jul-07
25	Remuneration Scales and Allowances	X		4-Jul-07
26	Resettlement	X		4-Jul-07
27	Sexual Harassment	X		4-Jul-07
28	Skills Development	X		
29	Smoking	X		
30	Special Skills			
31	Work Organisation			
32	Uniforms and Protective Clothing	X		4-Jul-07
33	Other:			

4.4 INJURIES, SICKNESS AND SUSPENSIONS

Below is the list of disciplinary actions that took place during the year under review:

Table 32: Cases of Misconduct

Disciplinary Action Taken on Cases of Financial Misconduct			
POSITION	Nature of Alleged Misconduct and Rand value of any loss to ELM	Disciplinary Action taken	Date Finalized
N/A	N/A	N/A	N/A

Table 33: Number of Suspension

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Bids Administration & Contracts Officer	Fraud	19-Jun-19	Sat on 05th September 2019 and adjourned for 15 October 2019. The reason for the delay is due to unavailability of the presiding officer	Not finalized

4.5 PERFORMANCE REWARDS

Section 57 Managers, all Managers and other staff members up to Task Grade 12 sign their performance agreements at the beginning of each financial year within the prescribed period. Quarterly, midyear and annual performance assessments are done based on the output plans contained in the managers' performance agreements that are linked to ELM's SDBIP. Performance rewards are then paid to all deserving individuals who had exceeded the performance of their targets and the payment of the performance rewards is governed by the Performance Management System ELM has adopted. The maximum amount of the performance reward paid to the deserving individual is 14% of that person's total package.

COMPONENT D: CAPACITATING THE MUNICIPAL WORKFORCE

Another ingredient for the survival and productivity of any institution is the development and capacitation of its workforce. The ELM, after reviewing its annual skills development plan, sets aside funding, within its limited resources, for skills development for both councillors and employees. The tables below depicts the type of training initiatives benefited both councillors and employees and the expenditure incurred.

4.6 SKILLS DEVELOPMENT AND TRAINING

The table below depicts the number and types of training that both councillors and employees benefited on during the year under review:

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2019	Number of skilled employees required and actual as at 30 June 2019											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of 2018	Actual: End of 2019	2019 Target	Actual: End of 2018	Actual: End of 2019	2019 Target	Actual: End of 2018	Actual: End of 2019	2019 Target	Actual: End of 2018	Actual: End of 2019	2019 Target
MM and s57	Female	2	0	0	0	0	0	0	0	0	0	0	0	0
	Male	4	0	0	0	0	0	0	0	0	0	0	0	0
Councillors	Female	15	1	1	0	4	15	15	3	4	0	0	0	0
	Male	19	1	1	0	3	10	19	3	5	0	0	0	0
Managers	Female	9	0	0	0	0	0	9	0	1	0	0	0	0
	Male	13	0	0	0	2	2	14	2	1	0	0	0	0
Senior Officials	Female	9	0	2	0	3	1	4	0	2	0	0	0	0
	Male	5	0	0	0	2	2	3	1	3	0	0	0	0
Technicians and associate professionals*	Female	5	0	0	0	0	0	1	0	1	0	0	0	0
	Male	7	0	0	0	0	0	0	0	0	0	0	0	0
Professionals	Female	39	0	0	0	4	1	1	1	0	0	0	0	0
	Male	19	2	0	0	0	0	0	0	0	0	0	0	0
Sub total	Female	79	1	3	0	11	17	30	4	8	0	0	0	0
	Male	67	3	1	0	7	14	36	6	9	0	0	0	0
Total		146	4	4	0	18	33	66	10	17	0	0	0	0

*Registered with professional Associate Body e.g. CA (SA)

T 4.5.1

Writing the Sub totals creates inaccuracy because the template formulas are set to count the sub totals plus the numbers that make them.

COMPONENT E: MANAGING THE WORKFORCE EXPENDITURE

4.7 EMPLOYEE EXPENDITURE

The table below shows employees whose salaries exceeded the grade determined by the job evaluation:

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Manager: Administration Support	1	TG 15	TG 16	Historical

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: FINANCIAL ANALYSIS

5.1. ANNUAL FINANCIAL STATEMENTS

ELUNDINI LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2019



**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2019**

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

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ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

GENERAL INFORMATION

Nature of Business	Elundini Local Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 108 of 1996).	
Legal Form	South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)	
Executive Committee		
Mayor	NR Yelani-Lengs	
Councillor	MPS Leteba	Portfolio head: Corporate Services
Councillor	ML Naketsana	Portfolio head: Community Services
Councillor	AM Mqamelo	Portfolio head: Financial Services
Councillor	TV May	Portfolio head: Technical Services
Councillor	N Nkalitshana	Portfolio head: Planning and Economic Development
Speaker	VV Hokwana	
Chief Finance Officer (CFO)	J Mdeni	
Municipal Manager	K Gashi	
Registered Office	No 1 Sellar Street Maclear 5480	
Bankers	First National Bank, Maclear Standard Bank, Maclear	
Municipal Grading	Grade 3	
Auditors	Office of the Auditor General - South Africa Registered Auditors	
Attorneys	Mgxaji Attorneys Clark and Laing Inc Mdledle Attorneys Owen Huxyable Gray Moodliar Fikile Ntanyi & Associates	
Other Directors		
Director: Corporate Services		S Matubatuba
Director: Infrastructure Planning and Development		S Sako
Director: Planning and Economic Development		NC Eddie
Director: Community Services		L Kokose
Section 79 Chairpersons		
Members Interest and Ethics Committee		LC Booka
Municipal Public Accounts Committee		M Marubelela
Rules Committee		S Mdoda
Budget Steering Committee		NR Lengs
Mandate Committee		KA Mgijima
Audit Committee		
Chairperson	Mr T de Beer	
Member	Mr P Songo (served until 09/06/2019)	
Member	Ms F Hluyo Mushohwe	
Member	Mr A Mlambo (served until 11/06/2019)	

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

GENERAL INFORMATION

Councillors of Elundini Local Municipality

Ward 1	F W Ngayeka	Proportional	M Tsoananyana
Ward 2	T J Pikinini	Proportional	K P Mahleleba
Ward 3	Z Mampintsha	Proportional	L Pili
Ward 4	K A Mgijima	Proportional	B Msuthwana
Ward 5	S J T Magadla	Proportional	G Moni
Ward 6	S Mdoda	Proportional	L B Magqashela
Ward 7	G Sotsu	Proportional	M N Ndlumbini (served until 25/03/2019)
Ward 8	D J Mbombo	Proportional	N L Motema
Ward 9	M Marubelela	Proportional	N N Ndabangaye
Ward 10	T Moleboheng	Proportional	X P Majikijela
Ward 11	L Lubanga	Proportional	NR Yelani-Lengs
Ward 12	BJ Tshoba	Proportional	VV Hokwana
Ward 13	L S Ndumndum	Proportional	MPS Leteba
Ward 14	N G Ntaopane	Proportional	ML Naketsana
Ward 15	L C Booka	Proportional	AM Mqamelo
Ward 16	Z L Thwethiso	Proportional	TV May
Ward 17	V Ntuthu	Proportional	N Nkalitshana

RELEVANT LEGISLATION

Municipal Finance Management Act, 2003 (Act 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act, 1998 (Act 117 of 1998)
Municipal Systems Act, 2000 (Act 32 of 2000) as Amended
Municipal Planning and Performance Management Regulations
Water Services Act, 1997 (Act 108 of 1997)
Housing Act, 1997 (Act 107 of 1997)
Municipal Property Rates Act, 2004 (Act 6 of 2004)
Electricity Act, 1987 (Act 41 of 1987)
Skills Development Levies Act, 1999 (Act 9 of 1999)
Employment Equity Act, 1998 (Act 55 of 1998)
Unemployment Insurance Act, 1966 (Act 30 of 1966)
Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALGBC Leave Regulations
Municipal Budget and Reporting Regulations
National Environmental Management Act, 2008 (Act 62 of 2008)
Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)
Occupational Health and Safety Act, 1993 (Act 85 of 1993)
Public Office Bearers Act
mSCOA Regulation

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2019, which are set out on pages 1 to 82 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the annual determinations of the Minister of Cooperative Governance and Traditional Affairs in accordance with this Act.



K Gashi
Municipal Manager

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
ASSETS			
Current Assets		107 879 953	99 585 714
Inventory	2	177 988	271 301
Receivables from Exchange Transactions	3	9 014 576	4 989 397
Receivables from Non-exchange Transactions	4	10 688 384	24 536 826
Taxes	5	10 874 092	10 517 388
Cash and Cash Equivalents	6	77 124 912	59 270 802
Other Current Assets		-	-
Non-Current Assets		466 807 024	441 374 788
Property, Plant and Equipment	7	414 407 679	390 573 925
Investment Property	8	46 067 087	42 176 507
Intangible Assets	9	7	7
Capitalised Restoration Cost (PPE)	10	6 332 251	8 624 349
Total Assets		574 686 977	540 960 502
Current Liabilities		63 528 533	53 883 698
Current Portion of Deferred Revenue	11	-	185 377
Consumer Deposits	12	385 799	385 086
Current Employee Benefits	13	10 047 191	7 988 562
Payables from exchange transactions	14	51 818 255	40 335 434
Unspent conditional grants and receipts	15	1 212 783	4 826 457
Finance Leases (Current Portion)	16	64 506	162 782
Non-Current Liabilities		23 435 614	21 043 221
Non-Current employee benefits	13	5 628 201	4 409 846
Finance Leases	16	93 031	-
Provisions	17	17 714 382	16 633 375
Deferred Revenue	11	-	-
Total Liabilities		86 964 147	74 926 919
NET ASSETS		487 722 830	466 033 584
COMMUNITY WEALTH			
Accumulated Surplus	18	487 722 830	466 033 584
TOTAL COMMUNITY WEALTH		487 722 830	466 033 584

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS		52 599 582	44 040 565
Operating Activities		52 599 582	44 040 565
Service Charges	19	33 282 595	26 862 081
Rental of Facilities and Equipment	20	8 234 698	7 497 800
Investment Revenue	21	7 485 702	6 680 012
Licences and Permits	22	2 796 071	2 336 685
Other Income	23	800 516	542 497
Profit on disposal Monetary Assets	39	-	121 490
REVENUE FROM NON-EXCHANGE TRANSACTIONS		258 332 597	259 209 682
Taxation Revenue		23 203 124	18 408 425
Property Rates	24	23 203 124	18 408 425
Transfer Revenue		233 476 415	238 842 165
Government Grants and subsidies	25	233 476 415	238 842 165
Other Revenue		1 653 058	1 959 092
Actuarial Gains	26	-	354 825
Fines, Penalties and Forfeits	27	1 166 204	1 095 308
Greenest Town Award		200 000	500 000
Insurance Refunds		286 855	8 959
TOTAL REVENUE		310 932 180	303 250 247
EXPENDITURE			
Employee Related Costs	28	98 972 059	83 685 220
Remuneration of Councillors	29	12 027 751	11 542 381
Debt Impairment	30	10 084 909	(5 654 966)
Depreciation and Amortisation	31	30 157 010	29 157 156
Impairment Loss	32	5 363 757	2 361 412
Finance Cost	33	1 489 181	1 259 623
Bulk Purchases	34	20 820 704	20 017 802
Contracted Services	35	69 241 105	57 467 733
General Expenses	36	35 624 191	42 703 529
Actuarial Losses	26	812 532	-
Transfers and Subsidies	37	2 428 156	2 130 126
Sale of goods/Inventory	38	962 569	491 800
Loss on disposal Monetary Assets	39	1 259 009	-
TOTAL EXPENDITURE		289 242 933	245 161 816
SURPLUS FOR THE YEAR		21 689 247	58 088 431

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2019

	ACCUMULATED SURPLUS R	TOTAL R
Balance on 1 July 2017 - Previously Reported	409 025 509	409 025 509
Prior Period Adjustments - Refer to note 40	(1 080 357)	(1 080 357)
Restated Balance on 1 July 2017	407 945 152	407 945 152
Net Surplus for the year	58 088 432	58 088 432
Restated Balance on 30 June 2018	466 033 584	466 033 584
Net Surplus for the year	21 689 246	21 689 246
Balance on 30 June 2019	487 722 830	487 722 830

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates		27 461 017	15 438 911
Service charges and interest on outstanding debtors		27 672 620	28 254 390
Other revenue		10 001 787	7 187 107
Government - operating		171 427 000	166 954 575
Government - capital		64 786 076	68 296 961
SARS VAT Refunds		17 110 968	10 691 869
Interest		5 515 291	4 786 831
Payments			
Suppliers and Employees		(241 482 527)	(215 467 408)
Finance charges		(51 249)	(130 579)
Transfers and Grants		(2 428 156)	(2 130 126)
NET CASH FROM OPERATING ACTIVITIES	41	80 012 827	83 882 531
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Property, Plant and Equipment		-	622 518
Payments			
Purchase of Property, Plant and Equipment		(61 951 722)	(66 904 192)
Purchase of Intangible Assets		-	-
NET CASH USED IN INVESTING ACTIVITIES		(61 951 722)	(66 281 675)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
Increase/(Decrease) in Consumer Deposits		715	(16 683)
Loans Raised		-	-
Payments			
Loans repaid		(207 710)	(181 892)
NET CASH USED IN FINANCING ACTIVITIES		(206 995)	(198 575)
NET INCREASE IN CASH HELD		17 854 110	17 402 281
Cash and Cash Equivalents at the beginning of the year		59 270 802	41 868 521
Cash and Cash Equivalents at the end of the year		77 124 912	59 270 802
NET INCREASE IN CASH HELD		17 854 110	17 402 281

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
Current assets	167 525 485	(244 590 623)	(77 065 138)	107 879 953	184 945 091
Non-current assets	414 455 616	(326 304 264)	88 151 352	466 918 081	378 766 729
Current liabilities	46 010 529	(46 010 529)	-	63 528 533	63 528 533
Non-current liabilities	16 013 829	(16 013 829)	-	23 435 614	23 435 614
Total Community Wealth	519 956 743	(508 870 529)	11 086 214	487 833 887	476 747 673
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
Property rates	28 254 605	-	28 254 605	23 203 124	(5 051 481)
Service Charges	28 908 884	5 135 609	34 044 493	33 282 595	(761 898)
Investment revenue	2 441 000	-	2 441 000	5 515 291	3 074 291
Transfers recognised - operational	173 745 000	2 274 082	176 019 082	173 495 665	(2 523 417)
Other own revenue	43 766 939	837 039	44 603 978	15 454 754	(29 149 224)
Total Revenue (excluding capital transfers)	277 116 428	8 246 730	285 363 158	250 951 430	(34 411 728)
EXPENDITURE					
Employee costs	98 540 000	637 276	99 177 276	98 972 059	(205 217)
Remuneration of councillors	12 398 000	203 783	12 601 783	12 027 751	(574 032)
Debt impairment	7 810 991	-	7 810 991	10 084 909	2 273 918
Depreciation and asset impairment	48 897 811	-	48 897 811	35 416 543	(13 481 268)
Finance charges	53 200	-	53 200	1 489 181	1 435 981
Bulk purchases	26 599 079	-	26 599 079	20 820 704	(5 778 375)
Other Materials	3 188 310	(864 267)	2 324 043	962 569	(1 361 474)
Contracted Services	82 705 333	5 713 816	88 419 149	69 297 105	(19 122 044)
Transfers and grants	-	-	-	2 428 156	2 428 156
Other expenditure	53 633 131	963 638	54 596 769	36 436 723	(18 160 046)
Loss on disposal of PPE	-	-	-	1 259 009	1 259 009
Total Expenditure	333 825 855	6 654 246	340 480 101	289 194 710	(51 285 391)
Surplus/(Deficit)	(56 709 427)	1 592 484	(55 116 943)	(38 243 281)	16 873 662
Transfers recognised - capital	67 795 000	1 709 662	69 504 662	59 980 750	(9 523 912)
NET SURPLUS FOR THE YEAR	11 085 573	3 302 146	14 387 719	21 737 470	7 349 751
CASH FLOW STATEMENT					
Net Cash Flow from Operating Activities	79 028 787	(39 596 243)	39 432 544	79 956 827	40 524 283
Net Cash Flow from Investing Activities	(86 897 000)	(4 874 012)	(91 771 012)	(61 895 722)	29 875 290
Net Cash Flow from Financing Activities	-	-	-	(206 995)	(206 995)
Net increase in cash and cash equivalents	(7 868 213)	(44 470 255)	(52 338 468)	17 854 110	70 192 578

Refer to note 43.2 for explanations of material variances between the original and final budget.

Refer to note 43.2 for explanations of material variances between the final budget and actual amounts.

Material variances are considered to be any variances greater than R2.5 million.

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPERATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property and Property, Plant and Equipment where the acquisition cost of an asset could not be determined.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.05 COMPARATIVE INFORMATION

1.05.1 Prior Year Comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

No significant amendments were made to the accounting policy in the current year.

1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.08.1 Effective Dates Determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the following Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 20	Related Party Disclosures	1 April 2019
GRAP 108	Statutory Receivables	1 April 2019

The effect of the above-mentioned Standards of GRAP which were early adopted is considered insignificant. Accounting policies for these Standards of GRAP were already formulated in the prior year's financial statements. The only effect is additional disclosure requirements.

The Municipality resolved to early adopt the following amended Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 1 (2018)	Presentation of Financial Statements	1 April 2020
GRAP 21 (2018)	Impairment of Non-cash-generating Assets	1 April 2020
GRAP 26 (2018)	Impairment of Cash-generating Assets	1 April 2020
GRAP 104 (2018)	Financial Instruments	1 April 2020

The effect of the above-mentioned amended Standards of GRAP which were early adopted is considered insignificant. The amendments to the Standards of GRAP mainly relate to the clarification of accounting principles.

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

The Municipality further resolved not to early adopt the following Standards of GRAP and Interpretations of the Standard of GRAP which were issued but are not yet effective:

1.08.1.1 GRAP 18 - Segment Reporting (Effective 1 April 2020)

The objective of this Standard is to establish principles for reporting financial information by segments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.1.2 GRAP 32 - Service Concession Arrangements: Grantor (Effective 1 April 2019)

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.1.3 GRAP 34 - Separate Financial Statements (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

1.08.1.4 GRAP 35 - Consolidated Financial Statements (effective 1 April 2020)

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.

1.08.1.5 GRAP 36 - Investments In Associates And Joint Ventures (effective 1 April 2020)

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

1.08.1.6 GRAP 37 - Joint Arrangements (effective 1 April 2020)

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

1.08.1.7 GRAP 38 - Disclosure Of Interests In Other Entities (effective 1 April 2020)

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

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1.08.1.8 GRAP 109 - Accounting By Principles And Agents (Effective 1 April 2019)

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.

1.08.1.9 GRAP 110 - Living And Non-Living Resources (Effective 1 April 2020)

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

Preliminary investigations indicated that the Municipality's non-living resources do not fall within the scope of this Standard.

1.08.1.10 iGRAP 1 (Revised) - Applying The Probability Test On Initial Recognition Of Revenue (effective 1 April 2020)

This Interpretation addresses the manner in which an entity applies the probability test on initial recognition of:

- (a) exchange revenue in accordance with GRAP 9; and
- (b) non-exchange revenue in accordance with GRAP 23.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

1.08.1.11 IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.1.12 iGRAP 18 - Recognition And Derecognition Of Land (Effective 1 April 2019)

This Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as an asset in its financial statements.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

1.08.1.13 iGRAP 19 - Liabilities To Pay Levies (Effective 1 April 2019)

This Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

1.08.1.14 iGRAP 20 - Accounting for Adjustments to Revenue (effective 1 April 2020)

This Interpretation clarifies the accounting for adjustments to:

- (a) exchange and non-exchange revenue charged in terms of legislation or similar means; and
- (b) interest and penalties that arise from revenue already recognised.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

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..08.2 Effective Dates Not Yet Determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

All Standards of GRAP currently issued, have effective dates.

..09 INVESTMENT PROPERTY

..09.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

..09.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

..09.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

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At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Buildings	105

1.09.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.09.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.10 PROPERTY, PLANT AND EQUIPMENT

1.10.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

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1.10.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.10.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Land and Buildings	20 - 100
Infrastructure	5 - 120
Leased Assets	3 - 7
Other Property, Plant and Equipment	3 - 15

1.10.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.10.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.11 INTANGIBLE ASSETS

1.11.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

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Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.11.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

1.11.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	5

1.11.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

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1.11.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.12 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

1.12.1 Recoverable Amount Of Cash-Generating Assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

1.12.2 Recoverable Amount Of Non-Cash-Generating Assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.12.3 Impairment Loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.12.4 Reversal Of An Impairment Loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13 INVENTORIES

1.13.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

1.13.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the first-in-first-out (FIFO) method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

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1.14 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

1.14.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.14.1.1 Multi-Employer Defined Benefit Plans

The Municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.14.1.2 Post Retirement Medical Benefits

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.1.3 Pension And Retirement Fund Obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

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1.14.2 Long-Term Benefits

1.14.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3 Short-Term Benefits

1.14.3.1 Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.14.3.2 Bonuses

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.14.3.3 Provision For Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.14.3.4 Other Short-Term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- b) as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.16 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.16.1 Municipality As Lessee

1.16.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.16.1.2 Operating Leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

1.16.2 Municipality As Lessor

1.16.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

1.16.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

1.17 FINANCIAL INSTRUMENTS

1.17.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.17.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

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1.17.3 Impairment And Uncollectability Of Financial Assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.17.3.1 Financial Assets Measured At Amortised Cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.17.3.2 Financial Assets Measured At Cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

1.17.4 Derecognition Of Financial Instruments

1.17.4.1 Financial Assets

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.17.4.2 Financial Liabilities

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.17.5 Offsetting Of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.18 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.18.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

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1.18.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.18.3 Impairment And Uncollectability Of Statutory Receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.18.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.19 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.20 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

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1.21 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

1.22 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.24 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.25 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.25.1 Revenue From Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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1.25.1.1 *Taxation Revenue*

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.25.1.2 *Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.25.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. Any fine reductions or cancellations subsequent to the reported date is recorded as a write-off against the provision raised for debt impairment.

1.25.1.4 *Insurance Refund*

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.25.1.5 *Unclaimed Deposits*

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

1.25.1.6 *Revenue From Recovery Of Unauthorised, Irregular, Fruitless And Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.25.1.7 *Services In-Kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.25.1.8 *Contributed Assets*

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

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1.25.2 Revenue From Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

1.25.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

1.25.2.2 Interest Earned

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.25.2.3 Rental Income

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.25.2.4 Income From Agency Services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.25.2.5 Other Tariffs

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

1.25.2.6 Sale Of Goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.25.2.7 Deferred Payment

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

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1.26 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.27 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

1.31 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.32 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

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1.33 RELATED PARTIES

The Municipality regards a related party as a person or an entity with the ability to control the Municipality either individually or jointly, or the ability to exercise significant influence over the Municipality, or vice versa.

Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Mayor, Speaker, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

1.34 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.34.01 Application Of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

GRAP implementation date for the Municipality is 1 July 2009 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2009 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

1.34.02 Impairment Of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

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1.34.03 Useful Lives And Residual Values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.34.04 Impairment Of Non-Monetary Assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.34.05 Post-Retirement And Long-Term Benefits

The cost of post retirement medical benefits and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.34.06 Provisions And Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthwork as published by Statistics South Africa.

1.34.07 Financial Assets And Liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.34.08 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

1.34.10 Provision For Staff Leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

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1.34.11 Provision For Performance Bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.34.12 Componentisation Of Infrastructure Assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

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<i>Figures in Rand</i>		2019	2018
2	INVENTORY		
	Consumable Stores	177 988	271 301
	Total Inventory	177 988	271 301
	Inventory recognised as an expense during the year	962 569	491 800
	Consumable stores materials losses/(gains) identified during stock counts	-	-
3	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	30 JUNE 2019		
	Gross balances		
	Service Receivables	29 762 260	19 918 691
	Electricity	11 011 709	6 493 620
	Refuse	9 094 258	6 535 516
	House Rentals	3 113 774	2 517 200
	Other Receivables	6 542 519	4 372 355
	Sundry Receivables	477 444	477 444
	Sundry	477 444	477 444
	Total	30 239 704	20 396 134
	Less: Allowance for Impairment		
	Electricity Impairment	6 977 273	4 944 608
	Refuse Impairment	7 423 377	5 205 007
	Housing Rentals Impairment	2 047 751	1 784 069
	Other Receivables Impairment	4 776 727	3 473 054
	Total	21 225 127	15 406 737
	Net Balance		
	Electricity	4 034 436	1 549 012
	Refuse	1 670 881	1 330 509
	House Rentals	1 066 023	733 131
	Other Receivables	1 765 792	899 301
	Sundry Receivables	477 444	477 444
	Total	9 014 576	4 989 397
	Consumer debtors are receivable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of Receivables from exchange transactions on initial recognition is not deemed necessary.		
	Reconciliation of Allowance for Doubtful Debts		
	Balance at Beginning of Year	15 406 737	12 653 615
	Contributions to Provision	6 321 945	2 753 122
	Bad debts written off	(503 554)	-
	Total	21 225 127	15 406 737

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ELUNDINI LOCAL MUNICIPALITY

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2018

Concentrations of credit risk with respect to Receivables from exchange transactions are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's receivables.

Ageing of Receivables from Exchange Transactions

Electricity

Current (0 -30 days)	1 134 043	960 644
31 - 60 days	695 085	438 084
61 - 90 days	508 659	468 701
91 - 120 days	336 546	306 231
121 - 150 days	366 174	331 393
> 150 days	7 971 203	3 988 567
Total	11 011 709	6 493 620

Refuse

Current (0 -30 days)	253 234	235 976
31 - 60 days	183 628	189 594
61 - 90 days	174 303	170 481
91 - 120 days	170 823	159 978
121 - 150 days	167 259	156 744
> 150 days	8 145 009	5 622 743
Total	9 094 258	6 535 516

Housing Rentals

Current (0 -30 days)	127 837	100 316
31 - 60 days	87 802	62 103
61 - 90 days	77 328	56 062
91 - 120 days	72 726	54 020
121 - 150 days	71 033	52 155
> 150 days	2 677 047	2 192 544
Total	3 113 774	2 517 200

Other Receivables

Current (0 -30 days)	443 946	345 567
31 - 60 days	359 900	270 063
61 - 90 days	313 642	268 667
91 - 120 days	287 880	222 332
121 - 150 days	284 215	209 457
> 150 days	4 852 935	3 056 271
Total	6 542 519	4 372 355

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ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

<i>Figures in Rand</i>	2019	2018
4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
30 JUNE 2019		
Gross balances		
Rates	14 920 062	19 434 074
Traffic Fines	2 791 814	2 032 764
Other Receivables	3 235 276	9 585 611
Office of the Premier Grant (unpaid)	1 344 799	7 859 788
Energy Efficiency & Demand Side Management Grant (unpaid)	164 654	-
Deposit	581 480	581 480
Public contributions and subsidies	456 572	456 572
Other Debtors	687 771	687 771
Total	20 947 153	31 052 449
Less: Allowance for Impairment		
Rates Impairment	7 466 955	4 482 859
Traffic Fines Impairment	2 791 814	2 032 764
Other Receivables Impairment	-	-
Total	10 258 769	6 515 623
Net Balance		
Rates	7 453 107	14 951 215
Traffic Fines	-	-
Other Receivables	3 235 276	9 585 611
Total	10 688 384	24 536 826
Consumer debtors are receivable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.		
Due to the prospective application of the revised IGRAP 1, the Municipality raised a receivable as well as an impairment charge on unpaid fines in the current year.		
Concentrations of credit risk with respect to receivables are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's receivables.		
Reconciliation of Allowance for Doubtful Debts		
Balance at Beginning of Year	6 515 623	14 735 830
Contributions to/(reversal of) Provision	3 999 265	(8 220 207)
Bad debts written off	(256 119)	-
Total	10 258 769	6 515 623
Ageing of Receivables from Exchange Transactions		
Rates		
Current (0 -30 days)	158 587	-
31 - 60 days	431 791	527 670
61 - 90 days	383 377	248 689
91 - 120 days	363 901	178 261
121 - 150 days	341 465	168 318
> 150 days	13 240 941	18 311 137
Total	14 920 062	19 434 074

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ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand		2019	2018
5	TAXES		
	VAT Receivable from SARS	2 955 429	6 638 592
	VAT In Suspense	6 258 324	2 454 757
	Less: VAT on Provision for Debt Impairment	1 660 339	1 424 039
	Total	10 874 092	10 517 388
6	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents consist of:		
	Call Accounts	66 447 331	56 981 964
	Current Accounts	10 543 087	2 288 838
	Cash on hand	132 058	-
	Cash Floats	2 436	-
	Total	77 124 912	59 270 802
	Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	First Rand Bank Limited issued a letter of guarantee to the amount of R5 216 304 in favour of Eskom Holdings Limited. The bank holds security to the same amount over the FNB account number 62557779322.		
	The Municipality has the following bank accounts:		
	Current Accounts		
	First National Bank - Acc no 62159933772 (Primary bank account)	9 595 424	592 019
	First National Bank - Acc no 62312151848 (Petty Cash Account)	121	149
	Standard Bank - Acc no 280642407 (Revenue Account)	764 633	1 696 670
	Wesbank - Acc no 13179 (Fuel Account)	182 909	-
	Total	10 543 087	2 288 838
	First National Bank - Acc no 62159933772 (Primary bank account)		
	Cash book balance at beginning of year	592 019	1 163 716
	Cash book balance at end of year	9 595 424	592 019
	Bank statement balance at beginning of year	476 413	1 163 716
	Bank statement balance at end of year	9 624 674	476 413
	First National Bank - Acc no 62312151848 (Petty Cash Account)		
	Cash book balance at beginning of year	149	4 152
	Cash book balance at end of year	121	149
	Bank statement balance at beginning of year	149	4 152
	Bank statement balance at end of year	121	149
	Standard Bank - Acc no 280642407 (Revenue Account)		
	Cash book balance at beginning of year	1 696 670	2 794 483
	Cash book balance at end of year	764 633	1 696 670
	Bank statement balance at beginning of year	1 696 670	2 794 483
	Bank statement balance at end of year	764 633	1 696 670
	Wesbank - Acc no 13179 (Fuel Account)		
	Cash book balance at beginning of year	-	-
	Cash book balance at end of year	182 909	-
	Bank statement balance at beginning of year	-	-
	Bank statement balance at end of year	182 909	-

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ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

<i>Figures in Rand</i>	2019	2018
Call Investment Deposits:		
Standard Bank - Acc no 3884 9717 3001 – Expanded Public Works	2 189 219	2 712 845
Standard Bank - Acc no 3884 9716 5001- Elundini Voting Station	1 484	18 657
Standard Bank - Acc no 3884 9341 0002 - FMG	1 791 299	1 785 022
Standard Bank - Acc no 3884 9300 3001 - Maclear greenfields	1 332	1 302
Standard Bank – Acc no 3884 9232 5001 - MSIG	406	406
Standard Bank - Acc no 3884 9081 0001 - NER	111 352	14 220 559
FNB – Acc no 6218 9194 170 - Equitable share	2 440 604	250 527
FNB – Acc no 6218 9180 111 - MIG	7 681 104	19 083 167
FNB – Acc no 6228 4785 121- Working capital reserve	45 373 054	13 058 710
FNB – Acc no 6237 8875 226 - Mayors social investment account	534 049	534 288
FNB – Acc no 6255 7779 322 - Joe Gqabi	5 652 857	5 316 480
FNB – Acc no 6278 5909 650 - Energy Efficiency	670 571	-
	66 447 331	56 981 964
7 PROPERTY, PLANT AND EQUIPMENT		
Property, Plant and Equipment	414 518 736	390 636 760
Total	414 518 736	390 636 760
Repairs and maintenance incurred on Property, Plant and Equipment	13 058 747	8 440 544

The leased property, plant and equipment and the buildings are secured as set out in note 16.

The reconciliation of the carrying value of Property, Plant and Equipment is disclosed on the following page:

ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

7 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2019	Opening Balance R	Cost Additions R	Disposals R	Transfer to Capital Assets R	Closing Balance R	Opening Balance R	Accumulated Depreciation and Impairment Additions R	Charge / (Reversal) R	Disposals R	Closing Balance R	Carrying Value R
Land and Buildings	113 512 961	11 495 870	(1 194 507)	(4 370 606)	119 443 718	17 137 963	2 790 174	4 379 821	(210 273)	24 097 686	95 346 032
Land	6 765 101	-	-	(4 370 606)	2 394 494	-	-	-	-	-	2 394 494
Buildings	68 134 533	88 678	(1 194 507)	19 459 341	86 488 045	17 137 963	2 790 174	-	(210 273)	19 717 865	66 770 181
Work In Progress	38 613 327	11 407 192	-	(19 459 341)	30 561 178	-	-	4 379 821	-	4 379 821	26 181 357
Infrastructure	501 943 626	46 306 842	-	-	548 250 468	227 031 837	17 865 409	983 935	-	245 881 182	302 369 286
Electricity	66 613 942	-	-	966 856	67 580 798	13 263 385	1 911 483	-	-	15 174 868	52 405 929
Roads, Pavements, Bridges & Storm Water	377 284 016	-	-	7 469 381	384 753 396	213 768 452	15 953 927	-	-	229 722 378	155 031 018
Work in Progress	58 045 668	46 306 842	-	(8 436 236)	95 916 274	-	-	983 935	-	983 935	94 932 339
Lease Assets	1 183 077	202 463	-	-	1 385 540	605 187	50 477	-	-	655 664	729 876
Office Equipment	1 183 077	202 463	-	-	1 385 540	605 187	50 477	-	-	655 664	729 876
Other Assets	59 890 062	4 149 009	(1 039 163)	-	62 999 908	41 180 813	6 620 999	-	(764 388)	47 037 424	15 962 485
Furniture & Fittings	5 809 347	341 085	(511 862)	-	5 638 570	4 270 531	766 951	-	(371 702)	4 665 780	972 790
Motor Vehicles	22 561 887	2 646 822	(364 506)	-	24 844 203	16 210 969	2 366 487	-	(244 456)	18 333 000	6 511 203
Computer Equipment	8 002 222	1 094 700	(151 687)	-	8 945 235	4 935 573	1 084 504	-	(137 540)	5 882 537	3 062 698
Plant and Machinery	23 412 002	66 403	(11 108)	-	23 467 297	15 742 817	2 392 597	-	(10 690)	18 124 725	5 342 572
Security	104 604	-	-	-	104 604	20 922	10 460	-	-	31 382	73 222
Total	676 529 725	62 154 185	(2 233 670)	(4 370 606)	732 079 634	285 955 800	27 327 060	5 363 757	(974 661)	317 671 956	414 407 678

The following projects (included in Work in Progress) is taking a significant longer period to complete:

Project	Carrying value	Reason for delays
Construction of T83 to Platana Access Road	3 672 643	Contractor was terminated due to malperformance, whereby a new contractor was appointment. Funds was made available for 2019/20 to complete the project.
Mbidlana Access Road	3 478 080	Contractor was terminated due to malperformance, whereby the municipality has resorted to availing internal staff for the project.
Total	7 150 723	

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ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

7 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2018	Cost					Accumulated Depreciation and Impairment					Carrying Value R
	Opening	Transfer to			Closing	Opening	Impairment			Closing	
	Balance R	Additions R	Disposals R	Capital Assets R	Balance R	Balance R	Additions R	Charge / (Reversal) R	Disposals R	Balance R	
Land and Buildings	96 392 508	18 572 001	-	(1 451 548)	113 512 961	15 077 909	2 060 054	-	-	17 137 963	96 374 998
Land	6 765 101	-	-	-	6 765 101	-	-	-	-	-	6 765 101
Buildings	57 199 596	-	-	10 934 937	68 134 533	15 077 909	2 060 054	-	-	17 137 963	50 996 570
Work In Progress	32 427 811	18 572 001	-	(12 386 485)	38 613 327	-	-	-	-	-	38 613 327
Infrastructure	456 747 665	45 195 961	-	-	501 943 626	207 597 323	19 434 514	-	-	227 031 837	274 911 789
Electricity	62 629 700	-	-	3 984 242	66 613 942	11 458 759	1 804 626	-	-	13 263 385	53 350 557
Roads, Pavements, Bridges & Storm Water	357 197 247	-	-	20 086 768	377 284 016	196 138 564	17 629 888	-	-	213 768 452	163 515 564
Work in Progress	36 920 717	45 195 961	-	(24 071 010)	58 045 668	-	-	-	-	-	58 045 668
Lease Assets	1 183 077	-	-	-	1 183 077	605 187	-	-	-	605 187	577 890
Office Equipment	1 183 077	-	-	-	1 183 077	605 187	-	-	-	605 187	577 890
Other Assets	57 604 855	3 136 230	(2 302 571)	1 451 548	59 890 062	36 515 357	6 466 998	-	(1 801 542)	41 180 813	18 709 249
Furniture & Fittings	5 680 296	189 617	(60 566)	-	5 809 347	3 571 432	751 752	-	(52 653)	4 270 531	1 538 816
Motor Vehicles	23 413 146	1 106 738	(1 957 997)	-	22 561 887	15 735 180	1 963 369	-	(1 487 580)	16 210 969	6 350 918
Computer Equipment	7 466 033	643 025	(106 836)	-	8 002 222	3 908 172	1 119 503	-	(92 102)	4 935 573	3 066 649
Plant and Machinery	20 940 776	1 196 850	(177 172)	1 451 548	23 412 002	13 290 112	2 621 913	-	(169 208)	15 742 817	7 669 184
Security	104 604	-	-	-	104 604	10 461	10 461	-	-	20 922	83 682
Total	611 928 104	66 904 192	(2 302 571)	-	676 529 725	259 795 776	27 961 566	-	(1 801 542)	285 955 800	390 573 925

ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

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8 INVESTMENT PROPERTY

Investment Property	46 067 087	42 176 507
---------------------	------------	------------

The movement in investment properties is reconciled as follows:

Opening Carrying Value	42 176 507	45 017 656
Cost	48 956 105	48 956 105
Accumulated Depreciation	(4 418 187)	(3 938 449)
Accumulated Impairment	(2 361 412)	-
Additions / Transfers	4 370 606	-
Disposals	-	-
Cost	-	-
Accumulated Depreciation	-	-
Depreciation	(480 025)	(479 737)
Impairment	-	(2 361 412)
Closing Carrying Value	46 067 087	42 176 507
Cost	53 326 711	48 956 105
Accumulated Depreciation	(4 898 212)	(4 418 187)
Accumulated Impairment	(2 361 412)	(2 361 412)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

An income of R 1 648 835 (2018 - R1 304 469) was identified on these investment properties and was recognised as revenue from rental of facilities. There are no work in progress for investment property.

9 INTANGIBLE ASSETS

Computer Software	7	7
Total	7	7

The movement in intangible assets is reconciled as follows:

Opening Carrying Value	7	7
Cost	418 065	418 065
Accumulated Depreciation	(418 058)	(418 058)
Additions	-	-
Disposals	-	-
Cost	-	-
Accumulated Depreciation	-	-
Depreciation	-	-
Closing Carrying Value	7	7
Cost	418 065	418 065
Accumulated Depreciation	(418 058)	(418 058)

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

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ELUNDINI LOCAL MUNICIPALITY

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10 CAPITALISED RESTORATION COST (PPE)

Capitalised Restoration Cost - Carrying Value

6 332 251

8 624 349

The movement in capitalised restoration cost is reconciled as follows:

Opening Carrying Value

8 624 349

5 246 294

Cost

12 162 893

8 095 049

Accumulated Depreciation

(3 538 544)

(2 822 692)

Accumulated Impairments

-

(26 063)

Additions

191 749

4 067 844

Disposals

(133 922)

-

Depreciation for the year

(2 349 925)

(715 852)

Reversal of impairments

-

26 063

Closing Carrying Value

6 332 251

8 624 349

Cost

12 220 720

12 162 893

Accumulated Depreciation

(5 888 469)

(3 538 544)

Accumulated Impairments

-

-

The Municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Elundini Municipality.

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

11 DEFERRED REVENUE

Rental of SASSA Building

-

185 377

Less: Current Portion transferred to Current Liabilities

-

(185 377)

Total

-

-

The South African Social Security Agency (SASSA) is leasing a building from Elundini Local Municipality. As per the rental agreement, SASSA incurred expenditure on their own account to upgrade the building in exchange to pay R16 089 per month less rentals than the market rental asking price. The deferred revenue will un-wind over the period of the lease agreement, which is 7 years.

12 CONSUMER DEPOSITS

Electricity

303 497

303 497

Housing Rental

82 301

81 588

Total

385 799

385 086

The fair value of consumer deposits approximates their carrying value. Interest is not paid on these amounts.

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ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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	2019	2018
13 EMPLOYEE BENEFIT OBLIGATIONS		
Current Employee Benefits		
Post Retirement Medical Benefits	123 982	115 785
Long-Service Provisions	557 788	381 488
Accrued Bonuses	2 417 224	2 217 327
Performance Bonuses	2 352 938	1 172 869
Staff Leave	4 595 258	4 101 093
Non-Current employee benefits		
Post Retirement Medical Benefits	1 436 653	1 260 986
Long-Service Provisions	4 191 548	3 148 860
Total	15 675 392	12 398 408
 Current Employee Benefits	 10 047 191	 7 988 562
Non-Current employee benefits	5 628 201	4 409 846
Total	15 675 392	12 398 408
 13.1 Accrued Bonuses		
Opening Balance	2 217 327	1 935 388
Contribution during the year	5 062 708	4 483 575
Payments made	(4 862 811)	(4 201 636)
Payments made	-	-
Closing Balance	2 417 224	2 217 327
 Bonuses are being paid to all municipal staff. The balance at year end represents the portion of the bonus that has already vested for the current salary cycle.		
 13.2 Performance Bonuses		
Opening Balance	1 172 869	996 954
Contribution during the year	1 255 824	353 770
Payments made	(75 756)	(177 855)
Payments made	-	-
Closing Balance	2 352 938	1 172 869
 Performance bonuses are being paid to Municipal Manager, Directors, Contract Workers and other Senior Managers after an evaluation of performance.		
 13.3 Staff Leave		
Opening Balance	4 101 093	2 872 311
Contribution during the year	780 867	1 580 841
Payments made	(286 702)	(352 059)
Closing Balance	4 595 258	4 101 093
 Staff leave accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.		

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ELUNDINI LOCAL MUNICIPALITY

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2019

2018

13.4 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are Reconciled as Follows:

Opening Balance	1 376 771	1 492 858
Payments Made	(129 313)	(117 015)
Finance Charges	121 190	126 910
Actuarial Loss / (Gain)	191 987	(125 982)
Total balance at year-end	1 560 635	1 376 771
Less Current Portion	123 982	115 785
Total	1 436 653	1 260 986

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

Continuation Members	4	4
Total	4	4

The Municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
LA Health

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	8.86%	9.18%
Health Care Cost Inflation Rate	6.43%	7.10%
Net Effective Discount Rate	2.28%	1.94%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Mortality Post-employment

PA(90) - 1 with a 1% mortality improvement per annum from 2010

iii) Last valuation

The last valuation was performed on 31 July 2019.

iv) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

The liability in respect of past service recognised in the Statement of Financial Position is as follows:

	Contribution members R	Present value of fund obligations R
30 June 2019	1 560 635	1 560 635
30 June 2018	1 376 771	1 376 771
30 June 2017	1 492 858	1 492 858
30 June 2016	1 513 357	1 513 357
30 June 2015	1 798 214	1 798 214

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

	Liabilities (Gain)/Loss R	Assets Gain/(Loss) R
30 June 2019	46 000	-
30 June 2018	(37 000)	-
30 June 2017	72 000	-
30 June 2016	(280 000)	-
30 June 2015	(125 000)	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

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Sensitivity Analysis on the Accrued Liability

Assumption	Total liability (Rm)	% change
Liability	1 560 635	
Health care inflation		
+ 1%	1 723 000	10%
- 1%	1 421 000	-9%
Discount rate		
+ 1%	1 425 000	-9%
- 1%	1 721 000	10%
Post-retirement mortality		
- 1 year	1 619 000	4%

Sensitivity Analysis on the Interest Costs

Assumption	Interest	% change
Estimated interest for 2019/20	132 900	
Health care inflation		
+ 1%	147 300	11%
- 1%	120 600	-9%
Discount rate		
+ 1%	134 500	1%
- 1%	130 500	-2%
Post-retirement mortality		
- 1 year	138 100	4%

13.5 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	3 530 348	3 415 935
Contribution during the year	587 116	528 866
Expenditure for the Year	(274 543)	(433 073)
Finance Charges	285 871	247 462
Actuarial (Gain)/Loss	620 544	(228 843)
Total balance at year-end	4 749 336	3 530 348
Less Current Portion	(557 788)	(381 488)
Total	4 191 548	3 148 860

The following members are eligible for long service bonuses:

	2019	2018
In-service members	283	275

The Long Service Bonus plans are defined benefit plans. Long service awards were calculated for 283 employees (2018 - 275 employees), but they are not all eligible for payment in the same year.

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2018

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	8.15%	8.55%
General Salary Inflation (long-term)	5.56%	6.16%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.45%	2.25%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

ii) Last valuation

The last valuation was performed on 31 July 2019.

iii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

The liability in respect of past service recognised in the Statement of Financial Position is as follows:

Present value
of fund
obligations
R

30 June 2019	4 749 336
30 June 2018	3 530 348
30 June 2017	3 415 935
30 June 2016	2 809 535
30 June 2015	2 417 470

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

Liabilities
(Gain)/Loss
R

Assets
Gain/(Loss)
R

30 June 2019	348 115	-
30 June 2018	293 874	-
30 June 2017	319 878	-
30 June 2016	157 004	-
30 June 2015	(14 772)	-

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Total liability (Rm)	% change
Liability	4 749 336	
General salary inflation		
+ 1%	5 072 000	7%
- 1%	4 459 000	-6%
Discount rate		
+ 1%	4 451 000	-6%
- 1%	5 088 000	7%
Average retirement age		
- 2 years	4 475 000	-6%
+ 2 years	5 158 000	9%
Withdrawal rates		
- 50%	5 586 000	18%

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Sensitivity Analysis on the future Current-service and Interest Costs

Assumption	Current Service Cost (Rm)	Interest Cost (Rm)	Total Cost (Rm)	% change
Future Cost for 2019/20	834 300	364 800	1 199 100	
General salary inflation				
+ 1%	901 900	391 100	1 293 000	8%
- 1%	774 100	341 100	1 115 200	-7%
Discount rate				
+ 1%	779 700	382 300	1 162 000	-3%
- 1%	896 500	344 200	1 240 700	3%
Average retirement age				
- 2 years	794 500	342 500	1 137 000	-5%
+ 2 years	873 300	397 100	1 270 400	6%
Withdrawal rates				
- 50%	1 027 100	433 000	1 460 100	22%

Retirement Funds

The Consolidated Retirement Fund (former Cape Retirement Fund) is a multi-employer plans. This means that there are multiple local authorities that participate in this fund. In terms of GRAP 25, these multi-employer plans are defined as defined benefit plans. GRAP 25 also state that when sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the funds' assets from the fund administrator. The fund administrator confirmed that assets of the funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrators. The fund administrators claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Consolidated Retirement Fund is defined as a defined benefit plan, it will be accounted for as defined contribution plan.

Defined Contribution Funds

Council contributes to the following defined benefit plans:

Consolidated Retirement Fund (Former Cape Retirement Fund)	4 739 426	3 877 068
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The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100.6% (30 June 2015 - 100.4%).

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Defined Contribution Funds		
Council contributes funds which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.		
Contributions paid recognised in the Statement of Financial Performance:		
SALA Pension	1 134 474	1 002 280
SAMWU National	3 994 787	3 417 971
National Municipal Workers Fund	515 578	368 009
Discovery Investment	27 300	15 166
Total	5 672 139	4 803 426
14 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	36 183 417	29 360 364
Sundry creditors	691 411	338 437
Payments Received in Advanced	1 941 151	697 164
Retention	12 759 968	9 742 653
Bursary Scheme	31 747	31 747
Deposits Received	210 562	165 070
Total	51 818 255	40 335 434
Payables are being recognised net of any discounts. Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of payables on initial recognition is not deemed necessary. Included in sundry deposits are hall rentals.		
Deposits amounting to R581 480 (2018 - R581 480) serve as security for Payables. The remainder of the Payables are unsecured.		
The Municipality did not default on any of their payments.		
15 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Unspent Conditional Grants and Receipts Comprises of:		
Municipal Infrastructure Grant	-	3 620 013
Integrated National Electrification Programme (INEP)	-	181 745
Expanded Public Works Program (EPWP)	-	318 305
Libraries Grant	711 423	705 034
DEDEA Grant	500 000	-
Voter Station Grant	1 360	1 360
Total	1 212 783	4 826 457
Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.		
The Unspent Grants are cash-backed by term deposits. The Municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		

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16	FINANCE LEASES		
	At amortised cost		
	Capitalised Lease	157 537	162 782
	Less Current Portion	(64 506)	(162 782)
	Total	93 031	-
	Capital lease liabilities at amortised cost are calculated at 19.68% interest rate, with maturity date of 31 August 2021.		
	Non-current liabilities		
	At amortised cost	93 031	-
	Current liabilities		
	At amortised cost	64 506	162 782
	Minimum lease payments		
	Payable within one year	89 893	176 965
	Payable within two to five years	104 876	-
	Subtotal	194 769	176 965
	Less: Future finance obligations	(37 233)	(14 183)
	Total	157 537	162 782
17	PROVISIONS		
	Landfill Sites	17 714 382	16 633 375
	Total	17 714 382	16 633 375
	Reconciliation of provisions		
	Opening Balance	16 633 375	11 832 026
	Increase in Estimate	191 749	4 067 844
	Decrease in Estimate	(133 922)	-
	Unwinding of discounted interest	1 023 180	733 505
	Total	17 714 382	16 633 375
	The Municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The calculation for the rehabilitation of the landfill site provision was compiled by an external specialist who was used to perform a valuation of the estimated annual cost of closure and rehabilitation (recurring costs) for the following landfill sites:		
	Mount Fletcher	8 100 578	7 718 403
	Maclear	3 685 756	3 511 086
	Ugie	5 928 048	5 403 886
	Total	17 714 382	16 633 375
	Total cost and estimated date of decommission of the sites are as follows:		
	Location	Estimated Decommission Date	Future Cost of Rehabilitation
	Mount Fletcher	2021	9 144 794
	Maclear	2023	4 697 236
	Ugie	2025	8 528 749
	Total		22 370 779
			22 055 142

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<p>A retrospective calculation of time value of money, based on an average weighted investment rate of prime less 4%, was used. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.</p> <p>No landfill sites are scheduled for closure in the year that would require closure by capping. All sites are to remain operational. Allowance has been made for survey, environmental and community issues in providing cover to the existing waste to a suitable standard.</p> <p>In calculating the provision for rehabilitation, the following four items have been included:</p> <ul style="list-style-type: none"> - Direct Contract Cost - Indirect Professional Fees - Indirect Disbursements - Escalation <p>There are currently three landfill sites in Elundini which service Mount Fletcher, Maclear and Ugie, hence they are named after the town which they service.</p> <p>Mt Fletcher Landfill Site:</p> <p>Size of operational landfill area? 10 000 m² (Trench)</p> <p>Is the site licensed? Yes</p> <p>What is the classification of the site? G:C:B-</p> <p>Is the site operational? Yes</p> <p>If the site is operational, is there an expected closure date? 2021</p> <p>If the site is operational, what is the annual tonnage of waste deposited on site? 5 000 tons</p> <p>If the site is not operational what was the date the site was last operated? N/A</p> <p>Is there any hazardous waste on site? Previous occurrences of medical waste took place, EHP from District Municipality assist us by monitoring the site.</p> <p>Are there any existing boreholes for monitoring? No</p> <p>Is there a monitoring program in place? N/A</p> <p>Are there any geographical features that should be taken into consideration? No</p> <p>Status of cover material? N/A. Trench System, cover material available from trenching process.</p> <p>Maclear Landfill Site:</p> <p>Size of operational landfill area? Nil m² (Platform)</p> <p>Is the site licensed? Yes</p> <p>What is the classification of the site? G:S:B</p> <p>Is the site operational? Site is now a transfer station</p> <p>If the site is operational, is there an expected closure date? 2023</p> <p>If the site is operational, what is the annual tonnage of waste deposited on site? 1 000 tons</p> <p>If the site is not operational what was the date the site was last operated? N/A</p> <p>Is there any hazardous waste on site? Previous occurrences of medical waste took place, EHP from District Municipality assist us by monitoring the site.</p> <p>Are there any existing boreholes for monitoring? Yes</p> <p>Is there a monitoring program in place? No, DWAF take samples periodically. We have request the District Municipality to assist with a monitoring program as they currently take samples of potable water in Spring on adjacent farm</p> <p>Are there any geographical features that should be taken into consideration? Cover material on site, volume unknown</p> <p>Status of cover material?</p> <p>Ugie Landfill Site:</p> <p>Size of operational landfill area? 8 000 m² (Platform)</p> <p>Is the site licensed? Yes</p> <p>What is the classification of the site? G:S:C-</p> <p>Is the site operational? Yes</p> <p>If the site is operational, is there an expected closure date? 2025</p> <p>If the site is operational, what is the annual tonnage of waste deposited on site? Estimate 5,000 tons per year from vehicle counts</p> <p>If the site is not operational what was the date the site was last operated? N/A</p> <p>Is there any hazardous waste on site? There have been small amounts deposited in the past, EHP from District Municipality assist us by.</p>		

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	Are there any existing boreholes for monitoring? Is there a monitoring program in place?	Yes No, DWAF take samples periodically. We have request the District Municipality to assist with a monitoring program as they currently take samples of potable water in	
	Are there any geographical features that should be taken into consideration? Status of cover material?	No Cover material on site, volume unknown.	
18	ACCUMULATED SURPLUS		
	Accumulated Surplus	466 033 584	407 945 152
	Total	466 033 584	407 945 152
19	SERVICE CHARGES		
	Electricity	30 277 903	26 674 001
	Refuse Removal	5 280 628	5 046 779
	Total Service charges prior to rebates	35 558 531	31 720 781
	Less: Rebates	(2 275 936)	(4 858 699)
	Electricity	(1 140 579)	(2 683 133)
	Refuse Removal	(1 135 358)	(2 175 566)
	Total	33 282 595	26 862 081
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
20	RENTAL OF FACILITIES AND EQUIPMENT		
	Rental of Facilities	1 686 027	1 304 469
	Rental of Equipment	6 355 603	6 000 263
	Deferred Rental Income	193 068	193 068
	Total	8 234 698	7 497 800
21	INVESTMENT REVENUE		
	Interest on bank balances	5 515 291	4 786 831
	Interest charged on trade and other receivables	1 970 411	1 893 181
	Total	7 485 702	6 680 012
22	LICENCES AND PERMITS		
	Public Drivers Permits	201 087	217 720
	Driving Licences	456 161	414 266
	Learner Driving Licences	332 160	313 379
	Registrations	1 806 663	1 391 320
	Total	2 796 071	2 336 685

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Figures in Rand		2019	2018
23	OTHER INCOME		
	Building Plan and Inspection Fees	61 759	84 297
	Cemetery Fees	30 500	31 639
	Commission Received	110 205	115 411
	Sundry Income	129 808	7 179
	Tender Document Sales	298 532	138 140
	Skills Development Levy Refund	169 713	165 831
	Total	800 516	542 497
24	PROPERTY RATES		
	Rateable Land and Buildings	28 822 405	22 268 662
	Less: Rebates	(5 619 280)	(3 860 237)
	Total	23 203 124	18 408 425
Property rate levied are based on the following rateable valuations and disclosed net of any rebates granted:			
Valuations			
	Residential	769 544 051	538 842 500
	Special Residential	329 469 000	316 599 828
	Business and Government Property used by Local Government	548 973 002	414 484 000
	Industrial	211 807 000	183 058 500
	Government Property used by Provincial and District Government	50 102 900	44 498 500
	Government Property used by National Government	25 198 000	22 273 500
	Public Service Infrastructure and Agriculture	4 433 812 118	3 372 587 942
	Municipal Owned Property and Churches	452 104 883	555 997 276
	Rateable Land and Buildings	6 821 010 954	5 448 342 046
Rebates on Income - Basic Rate:			
	Residential	0.721c/R	0.684c/R
	Special Residential	1.082c/R	1.027c/R
	Business and Government Property used by Local Government	1.442c/R	1.369c/R
	Industrial	1.442c/R	1.369c/R
	Government Property used by Provincial and District Government	1.442c/R	1.369c/R
	Government Property used by National Government	1.442c/R	1.369c/R
	Public Service Infrastructure and Agriculture	0.180c/R	0.171c/R
	Municipal Owned Property and Churches	0.000c/R	0.000c/R

Rates are levied annually and monthly. Monthly rates are payable by the last day of each month and annual rates are payable before 30 September. Interest is levied at the prime rate on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

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<i>Figures in Rand</i>	2019	2018
25 GOVERNMENT GRANTS AND SUBSIDIES		
Operating grants		
Equitable Share	138 382 305	134 116 000
Municipal Finance Management Grant	1 700 000	1 700 000
Integrated National Electrification Programme (INEP)	25 817 745	29 818 255
Libraries Grant	743 611	600 904
Municipal Infrastructure Grant - Operating	1 910 350	1 979 350
Expanded Public Works Program (EPWP)	1 777 000	2 330 695
Energy Efficiency & Demand Side Management	3 164 654	-
DEDEA Grant	-	-
Total	173 495 665	170 545 204
Capital grants		
Municipal Infrastructure Grant - Capital	39 916 663	39 987 637
Premier's Office Grant	20 064 087	28 309 324
Voter Station Grant	-	-
Total	59 980 750	68 296 961
Total Grants and Subsidies	233 476 415	238 842 165
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	95 094 110	104 726 165
Unconditional grants received	138 382 305	134 116 000
Total	233 476 415	238 842 165
The Municipality does not expect any significant changes to the level of grants.		
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	138 382 305	134 116 000
Vote 1 - Executive & Council	-	-
Vote 2 - Budget and Treasury	1 700 000	1 700 000
Vote 3 - Corporate admin	-	-
Vote 4 - Community Services	2 520 611	2 931 599
Vote 5 - Strategic Planning Development	-	-
Vote 6 - Infrastructure Planning & Development	90 873 499	100 094 567
Total	233 476 415	238 842 165
25.01 Equitable Share		
Opening Unspent Balance	-	-
Grants Received	138 382 305	134 116 000
Transferred to Revenue - Operating	(138 382 305)	(134 116 000)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		

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25.02 Municipal Finance Management Grant		
Opening Unspent Balance	-	-
Grants Received	1 700 000	1 700 000
Transferred to Revenue - Operating	(1 700 000)	(1 700 000)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	-
FMG is used to promote and support reforms in financial management by building the capacity in municipalities to implement the Municipal Finance Management Act (MFMA).		
25.03 Integrated National Electrification Programme (INEP)		
Opening Unspent Balance	181 745	-
Grants Received	25 636 000	30 000 000
Transferred to Revenue - Operating	(25 817 745)	(29 818 255)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	181 745
The National Electrification Grant is used for electrical connections in previously disadvantaged areas.		
25.04 Libraries Grant		
Opening Unspent Balance	705 033	555 937
Grants Received	750 000	750 000
Transferred to Revenue - Operating	(743 611)	(600 904)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	711 422	705 033
The Library Grant is used to pay the salaries of library staff.		
25.05 Expanded Public Works Program (EPWP)		
Opening Unspent Balance	318 305	-
Grants Received	1 458 695	2 649 000
Transferred to Revenue - Operating	(1 777 000)	(2 330 695)
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	-	318 305
The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		
25.06 Municipal Infrastructure Grant		
Opening Unspent Balance	3 620 013	-
Grants Received	38 207 000	45 587 000
Transferred to Revenue - Operating	(1 910 350)	(1 979 350)
Transferred to Revenue - Capital	(39 916 663)	(39 987 637)
Closing Unspent Balance	-	3 620 013
MIG is used to supplement capital finance for basic municipal infrastructure for poor households, micro enterprises and social institutions. Also to provide for new municipal infrastructure and rehabilitation and upgrading of existing ones.		

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2018

25.07 Energy Efficiency & Demand Side Management

Opening Unspent Balance	-	-
Grants Received	3 000 000	-
Transferred to Revenue - Operating	(3 164 654)	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	(164 654)	-

This grant is used for maintaining electrical infrastructure assets and street lights.

25.08 Premier's Office Grant

Opening Unspent Balance	(7 859 788)	-
Grants Received	26 579 076	20 449 536
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(20 064 087)	(28 309 324)
Closing Unspent Balance	(1 344 799)	(7 859 788)

This grant is utilised for the revitalization of Mt Fletcher Streets and electricity.

25.09 DEDEA Grant

Opening Unspent Balance	-	-
Grants Received	500 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	500 000	-

This grant is utilised to build sheep shearing sheds for emerging farmers.

25.09 Voter Station Grant

Opening Unspent Balance	1 360	1 360
Grants Received	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Closing Unspent Balance	1 360	1 360

This grant is used for maintenance of roads to voting stations

25.10 Total Grants

Opening Unspent Balance	(3 033 332)	557 297
Grants Received	236 213 076	235 251 536
Transferred to Revenue - Operating	(173 495 665)	(170 545 204)
Transferred to Revenue - Capital	(59 980 750)	(68 296 961)
Closing Unspent Balance	(296 671)	(3 033 332)

Disclosed as follow:

- Receivables from non-exchange transactions - note 4	(1 509 453)	(7 859 788)
- Unspent Conditional Government Grants and Receipts - note 15	1 212 782	4 826 456
	(296 671)	(3 033 332)

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<i>Figures in Rand</i>		2019	2018
26	ACTUARIAL GAINS / (LOSSES)		
	Post Retirement Medical Benefits	(191 987)	125 982
	Long Service Awards	(620 544)	228 843
	Total	(812 532)	354 825
27	FINES, PENALTIES AND FORFEITS		
	Traffic fines	793 800	350 400
	Illegal connection fines	9 373	17 246
	Pound Fees	219 402	97 594
	Retention	143 628	630 068
	Total	1 166 204	1 095 308
28	EMPLOYEE RELATED COSTS		
	Basic Salaries and Wages	64 881 122	54 380 171
	Pension and UIF Contributions	10 997 770	10 046 022
	Medical Aid Contributions	4 031 771	3 648 716
	Overtime	4 107 860	3 242 637
	Motor Vehicle Allowance	1 233 862	1 120 810
	Cellphone Allowance	326 377	353 906
	Housing Allowance	88 039	107 790
	Other benefits and allowances	4 542 784	3 435 986
	Acting Allowance	775 170	951 200
	Bargaining Council	30 406	29 707
	Other Allowances	2 422 186	1 705 292
	Scarcity Allowance	321 371	37 871
	Standby Allowance	993 651	711 916
	Contributions to Employee Benefits	7 686 515	6 947 053
	Bonuses	5 062 708	4 483 575
	Staff Leave	780 867	1 580 841
	Performance Bonus	1 255 824	353 770
	Long Service Awards	587 116	528 866
	Workmens Compensation Fund	1 075 960	402 130
	Total	98 972 059	83 685 220
	Remuneration of Key Personnel		
	Municipal Manager - K Gashi		
	Annual Remuneration	782 175	786 347
	Car Allowance	317 259	321 547
	Performance Bonuses	-	55 213
	Contributions to UIF, Medical and Pension Funds	127 101	130 562
	Total	1 226 535	1 293 669
	Director Infrastructure Planning and Development - X Mntonintshi (until 30 Sept 2017)		
	Annual Remuneration	-	179 414
	Car Allowance	-	104 189
	Contributions to UIF, Medical and Pension Funds	-	620
	Leave pay	-	100 472
	Total	-	384 695

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Director Corporate Services - SR Matubatuba		
Annual Remuneration	687 242	632 647
Car Allowance	308 974	345 567
Performance Bonuses	-	27 200
Contributions to UIF, Medical and Pension Funds	1 890	1 884
Total	998 106	1 007 298
Director Infrastructure Planning and Development - S Sako (appointed December 2017)		
Annual Remuneration	742 807	414 960
Car Allowance	218 406	127 086
Contributions to UIF, Medical and Pension Funds	78 871	37 238
Total	1 040 084	579 284
Chief Financial Officer - J Mdeni		
Annual Remuneration	716 874	681 137
Car Allowance	287 098	391 992
Performance Bonuses	-	27 200
Contributions to UIF, Medical and Pension Funds	1 890	1 884
Total	1 005 862	1 102 213
Director Strategic Planning and Economic Development - NC Eddie		
Annual Remuneration	827 504	776 971
Car Allowance	237 646	234 189
Performance Bonuses	-	47 844
Contributions to UIF, Medical and Pension Funds	1 890	1 875
Leave pay	-	114 825
Total	1 067 040	1 175 704
Director Community Services - L Kokose		
Annual Remuneration	716 750	608 314
Car Allowance	232 475	280 192
Performance Bonuses	6 800	20 400
Contributions to UIF, Medical and Pension Funds	126 644	76 281
Total	1 082 669	985 187
29 REMUNERATION OF COUNCILLORS		
Executive Mayor	872 149	840 313
Speaker	706 600	681 130
Councillors	8 497 391	8 133 848
Chief Whip	390 322	377 418
EXCO	1 561 288	1 509 671
Total	12 027 751	11 542 381
The Mayor and Speaker are full-time. They are provided with secretarial support, office and a municipal motor vehicle at the cost of the Council.		
30 DEBT IMPAIRMENT		
Receivables from Exchange Transactions	6 321 945	2 753 122
Receivables from Non-Exchange Transactions	3 999 265	(8 220 207)
	10 321 209	(5 467 084)
VAT portion on provision for Debt Impairment	(236 300)	(187 882)
Total	10 084 909	(5 654 966)

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<i>Figures in Rand</i>	2019	2018
31 DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	27 327 060	27 961 566
Investment Property	480 025	479 737
Intangible assets	-	-
Capitalised Restoration Cost (PPE)	2 349 925	715 852
Total	30 157 010	29 157 156
32 IMPAIRMENT LOSS		
Property, Plant and Equipment	5 363 757	-
Investment Property	-	2 361 412
Total	5 363 757	2 361 412
33 FINANCE COST		
Employees benefits	407 061	374 372
Finance leases	40 249	54 062
Interest	11 000	76 517
Landfill Site Provision	1 023 180	733 505
Deferred Revenue	7 691	21 168
Total	1 489 181	1 259 623
34 BULK PURCHASES		
Electricity	20 820 704	20 017 802
Total	20 820 704	20 017 802
35 CONTRACTED SERVICES		
Accounting and Auditing	6 444 764	5 083 046
Administrative and Support Staff	190 184	420 645
Audit Committee	253 611	101 040
Catering Services	1 419 085	1 355 140
Dumping Sites	1 310 822	1 394 868
Electrical	26 872 314	22 247 388
Engineering	56 170	2 841 190
Internal Audit	1 299 057	1 611 726
Legal Services	774 233	513 387
Licence Cards	120 208	115 024
Maintenance Services	13 058 747	8 440 544
Organisational	2 318 741	569 285
Personnel and Labour	6 579 284	4 963 002
Prepaid Electricity Vendors	175 565	179 949
Professional Staff	1 885 227	1 510 518
Project Management	780 349	1 162 919
Qualification Verification	42 719	208 465
Research and Advisory	980 373	323 265
Refuse Removal	213 465	151 602
Safeguard and Security	3 063 245	2 311 584
Valuer and Assessors	672 398	1 043 478
Other Contracted Services	730 544	919 669
Total	69 241 105	57 467 733

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36	GENERAL EXPENSES		
	Advertising Publicity and Marketing	1 975 474	835 016
	External Audit Fees	3 496 269	3 829 875
	Bank Charges	1 381 121	419 828
	Commission Paid	847 383	492 907
	Computer Services	567 458	1 798 661
	Fuel and Oil	3 670 971	2 977 718
	Insurance	640 058	521 748
	Lease Rentals	1 273 827	628 511
	Learnerships and Internships	186 219	1 292 238
	Management Fees	138 960	8 738 608
	Motor Vehicle Licences	444 720	240 230
	Municipal Services	170 324	217 178
	Printing and Stationary	1 318 613	1 306 397
	Protective Clothing	1 026 387	831 773
	Skills Development Levy	963 099	825 753
	Professional Bodies, Membership and Subscription	1 504 575	1 845 792
	Telephone and Fax	2 476 421	2 791 975
	Training	2 731 182	3 206 411
	Travel and Subsistence	9 309 639	8 432 243
	Ward Committees	1 362 920	1 331 846
	Other Sundries and Consumables	138 572	138 822
	Total	35 624 191	42 703 529
37	TRANSFERS AND SUBSIDIES		
	Indigent Support - Eskom Electricity	1 629 546	1 590 126
	Indigent Support - Other Energy Sources	495 000	-
	Elundini Cooperative Development Centre	303 610	540 000
	Total	2 428 156	2 130 126
38	SALE OF GOODS/INVENTORY		
	Inventory Consumed	962 569	491 800
	Total	962 569	491 800
39	PROFIT/LOSS ON DISPOSAL MONETARY ASSETS		
	Cash Received	-	622 518
	Carrying value of assets disposed	(1 259 009)	(501 028)
	Total	(1 259 009)	121 490

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40 PRIOR PERIOD ADJUSTMENTS		
40.01 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Balance Previously Reported		5 322 705
Correction of immaterial errors noted		(333 307)
Restated Balance on 30 June 2018		4 989 398
40.02 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Balance Previously Reported		23 099 402
Correction of immaterial errors noted		1 437 423
Restated Balance on 30 June 2018		24 536 825
40.03 TAXES		
Balance Previously Reported		1 643 860
Opening Balance incorrectly transferred to 2018 ledger		1 294 699
Accruals for 2017/18 not raised		946 704
VAT incorrectly raised on Department of Transport Receipts		788 520
VAT correction made to operating expenditure		1 280 744
VAT Corrections made to infrastructure assets		2 973 554
Correction of other immaterial errors noted		1 589 308
Restated Balance on 30 June 2018		10 517 388
40.04 CASH AND CASH EQUIVALENTS		
Balance Previously Reported		59 239 863
Correction of immaterial errors noted		30 939
Restated Balance on 30 June 2018		59 270 802
40.05 OTHER CURRENT ASSETS		
Balance Previously Reported		45 907
Correction of immaterial errors noted		(45 907)
Restated Balance on 30 June 2018		-

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40.06 PROPERTY, PLANT AND EQUIPMENT		
Balance Previously Reported		405 201 157
Reclassify Capital Restoration Costs (PPE)		(8 624 349)
Net result of asset verification performed - 1 July 2017 (carrying value)		(10 657 492)
Change in depreciation and disposals as a result of above-mentioned corrections		4 074 610
Correction of other immaterial errors noted		642 834
Restated Balance on 30 June 2018		390 636 760
40.07 INVESTMENT PROPERTY		
Balance Previously Reported		36 083 155
Net result of asset verification performed - 1 July 2017 (carrying value)		8 857 529
Impairment not recognised		(2 361 412)
Change in depreciation and disposals as a result of above-mentioned corrections		(402 766)
Restated Balance on 30 June 2018		42 176 507
40.08 CAPITALISED RESTORATION COST (PPE)		
Balance Previously Reported		-
Reclassify Capital Restoration Costs (PPE)		8 624 349
Restated Balance on 30 June 2018		8 624 349
40.09 CURRENT PORTION OF DEFERRED REVENUE		
Balance Previously Reported		171 900
Correction of immaterial errors noted		13 477
Restated Balance on 30 June 2018		185 377
40.10 CONSUMER DEPOSITS		
Balance Previously Reported		399 064
Correction of immaterial errors noted		(13 978)
Restated Balance on 30 June 2018		385 086

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40.11 CURRENT EMPLOYEE BENEFITS		
Balance Previously Reported		7 768 394
Correction of immaterial errors noted		220 168
Restated Balance on 30 June 2018		7 988 562
40.12 PAYABLES FROM EXCHANGE TRANSACTIONS		
Balance Previously Reported		29 518 410
Opening Balance incorrectly transferred to 2018 ledger		7 895 536
Duplicated / invalid operating expenditure invoices raised in creditors control account		(7 263 978)
Accruals for 2017/18 not raised		8 578 819
Correction of other immaterial errors noted		1 606 647
Restated Balance on 30 June 2018		40 335 434
40.13 ACCUMULATED SURPLUS		
Balance Previously Reported		467 017 127
Corrections included in 2018 Statement of Financial Performance		(220 393)
Correction of other immaterial errors noted		(1 080 357)
Restated Balance on 30 June 2018		465 716 377
40.14 STATEMENT OF FINANCIAL PERFORMANCE		
Surplus previously reported		57 991 609
Opening Balance incorrectly transferred to 2018 ledger (Pound Fees)		(923 296)
Duplicated / invalid operating expenditure invoices raised in creditors control account		7 263 978
Accruals for 2017/18 not raised		(6 588 347)
Change in depreciation and disposals as a result of corrections made to Property, Plant and Equipment and Investment Property		3 291 794
Impairment not recognised		(2 361 412)
Correction of other immaterial errors noted		(903 111)
Restated Surplus on 30 June 2018		57 771 216

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41	CASH FROM OPERATIONS		
	Net Surplus/(Deficit) for the year	21 737 470	58 151 265
	Non-Cash Expenditure and Revenue	49 010 926	26 427 435
	Actuarial Gains	-	(354 825)
	Impairment recovered	-	-
	Reversal of Impairment Loss (included under Other Income)	-	(26 063)
	Profit on disposal Monetary Assets	-	(121 490)
	Debt Impairment	10 084 909	(5 654 966)
	Depreciation and Amortisation	30 052 787	29 094 321
	Impairment loss	5 363 757	2 361 412
	Finance Charges	1 437 932	1 129 045
	Actuarial Losses	812 532	-
	Loss on disposal Monetary Assets	1 259 009	-
	Contributions - Provisions and Employee Benefits	7 686 515	6 947 053
	Post Retirement Medical Benefits	-	-
	Long Service Awards	587 116	528 866
	Performance Bonuses	1 255 824	353 770
	Bonuses	5 062 708	4 483 575
	Staff Leave	780 867	1 580 841
	Expenditure - Provisions and Employee Benefits	(5 629 126)	(5 281 637)
	Post Retirement Medical Benefits	(129 313)	(117 015)
	Long Service Awards	(274 543)	(433 073)
	Performance Bonuses	(75 756)	(177 855)
	Bonuses	(4 862 811)	(4 201 636)
	Staff Leave	(286 702)	(352 059)
	Other adjustments	(759 673)	-
	Bad Debts Written Off	(759 673)	-
	Operating Surplus before changes in working capital	72 046 112	86 244 116
	Movement in working capital	7 910 715	(2 361 585)
	Receivables from exchange and non-exchange transactions	498 027	(15 905 187)
	Deferred Revenue	(193 068)	(193 068)
	Inventory	93 313	(8 705)
	Payables from exchange transactions	11 482 822	13 965 980
	Unspent Conditional Government Grants	(3 613 674)	4 269 160
	Taxes	(356 705)	(4 489 765)
	Cash Flow from Operating Activities	79 956 827	83 882 531
42	CASH AND CASH EQUIVALENTS		
	Cash and Cash Equivalents comprise out of the following:		
	Call Accounts	66 447 331	56 981 964
	Current Accounts	10 543 087	2 288 838
	Cash on hand	132 058	-
	Cash Floats	2 436	-
	Total	77 124 912	59 270 802

Refer to note 6 for more details relating to cash and cash equivalents.

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43 BUDGET COMPARISONS

43.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.

The following items are affected by these classification differences:

Statement of Financial Position

The Statement of Financial Position is presented on a comparable basis.

Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income, Actuarial Gains and Insurance Receipts.

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Other Expenditure, Repairs and Maintenance, Operating Grant Expenditure, Fair Value Adjustments and Actuarial Losses.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

43.2 MATERIAL VARIANCES

Statement of financial position - Budget Adjustments

With the adjustment budget presented, the Statement of Financial Position was not accurately populated.

Statement of financial position - Budget versus Actual

Due to the Statement of Financial Position not accurately populated, no meaningful budget comparison can be made in this regard. The reason for the budget not being accurately populated is mainly due to the opening balances not included in the budget, but only the movement for the year under review.

Statement of financial performance - Budget Adjustments

All proposed adjustments based on actual figures available during mid-year performance assessment of the municipality.

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Statement of financial performance - Budget versus Actual

Property Rates	Property Rates were less than budget, as rebates were budgeted as expenditure rather than a deduction in revenue.
Service Charges	Service Charges were less than budget, as rebates were budgeted as expenditure rather than a deduction in revenue.
Investment revenue	More cash surpluses were available which were invested in call deposit accounts
Transfers recognised - operational	Libraries and DEDEA grant not spent in full.
Other own revenue	Roll over funds were budgeted as other income.
Depreciation and asset impairment	Depreciation was more than budget due decrease in useful lives as a result of the physical verification performed in current year.
Bulk purchases	Bulk Purchases were less than budget due to the introduction of smart meters.
Contracted Services	Actuals were less than budget due to not all project concluded in the current year.
Transfers and grants	Transfer and grants was budgeted as part of Other Expenditure.
Other expenditure	Actuals were less than budget as a result of cost containment measures implemented.
Transfers recognised - capital	Budget was incorrect, as the budget was based on receipts and not income to be recognised.

Cash Flow Statement - Budget Adjustments

All proposed adjustments based on actual figures available during mid-year performance assessment of the municipality.

Cash Flow Statement - Budget versus Actual

Net Cash Flow from Operating Activities was more than budget due to savings on Contracted Services and Other Expenditure. Reasons are provided under Statement of Financial Performance above.

Net Cash Flow from Investing Activities was less than budget as not all capital projects were implemented/concluded at year-end

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

44.1 UNAUTHORISED EXPENDITURE

Unauthorised expenditure consist out of the following:

Opening Balance	-	-
Unauthorised expenditure current year - operating	-	-
Unauthorised expenditure current year - capital	-	-
Approved by Council	-	-
Unauthorised expenditure awaiting approval	-	-

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Variance analysis was performed and submitted to Council to condone.

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44.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

Opening Balance	-	-
Fruitless and wasteful expenditure incurred	-	-
Approved by Council	-	-
Fruitless and wasteful expenditure awaiting approval	-	-
Details of Fruitless and wasteful expenditure incurred :		
None	-	-
Total	-	-

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred.

44.3 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

Opening Balance	334 699	6 645 697
Irregular expenditure incurred	50 575 910	54 530 617
Approved by Council	(49 888 662)	(60 841 615)
Irregular expenditure awaiting approval	1 021 947	334 699
Details of Irregular expenditure incurred :		
SCM Processes not followed	73 492	16 740
Deviations not in line with SCM Regulation 36	6 280	188 220
Incorrect calculations of Preferential Points during evaluation	1 287 360	-
Breach of Regulation 29 , where there was less than 4 Senior Managers sitting in the BAC	48 452 135	54 325 657
Making use of non compliant service providers	46 084	-
Policy not followed with appointment of employee	710 560	-
Total	50 575 910	54 530 617
Number of incidents:		
SCM Processes not followed	15	4
Deviations not in line with SCM Regulation 36	2	1
Incorrect calculations of Preferential Points during evaluation	5	-
Breach of Regulation 29 , where there was less than 4 Senior Managers sitting in the BAC	4	10
Making use of non compliant service providers	7	-
	1	-
Total	34	15

No disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred.

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44.4 MATERIAL LOSSES		
Electricity distribution losses		
- Units purchased (Kwh)	20 089 736	20 234 152
- Units sold (Kwh)	15 210 363	15 446 172
- Units lost during distribution (Kwh)	4 879 373	4 787 980
- Percentage lost during distribution	24.29%	23.66%
- Average Cost per Kwh unit (excl VAT)	1.03	0.99
- Rand Value of Loss	5 020 387	4 740 100
<p>The root causes of these losses are technical and administrative in nature. Technical losses are distribution network electrical losses inherent in the physical delivery of electric energy. It includes conductor losses, transformer core losses, and potential/current coils in metering equipment. Administrative losses includes distribution network losses that accounts for the electric energy used by the distribution utility in the proper operation of the distribution network.</p>		
46 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
46.1 Salga Contributions [MFMA 125 (1)(b)]		
Opening balance	-	-
Expenditure incurred	986 679	880 042
Payments	(986 679)	(880 042)
Outstanding Balance	-	-
46.2 Audit Fees [MFMA 125 (1)(c)]		
Opening balance	-	-
Expenditure incurred	3 496 269	3 829 875
Payments	(3 496 269)	(3 829 875)
Outstanding Balance	-	-
46.3 VAT [MFMA 125 (1)(c)]		
Opening balance	6 638 592	4 105 622
Movement during the year	(3 683 163)	2 532 970
Outstanding Balance	2 955 429	6 638 592
<p>VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.</p>		
46.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]		
Opening balance	-	-
Payments due to SARS	17 120 709	14 096 205
Payments	(17 120 709)	(14 096 205)
Outstanding Balance	-	-
46.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]		
Opening balance	-	-
Payments due to pension fund and medical aid	23 276 623	24 019 030
Payments	(23 276 623)	(24 019 030)
Outstanding Balance	-	-

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46.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]

No Councillor had any arrear account outstanding for more than 90 days at year end.

46.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

Deviations from, and ratifications of minor breaches of the Procurement Processes due to Sole Providers, Specialised Services, Emergencies and Variation Orders:

Section 36(1)(a)(i) - Emergencies	1 124 255	397 956
Section 36(1)(a)(ii) - Single Provider	1 239 311	4 484 648
Section 36(1)(a)(iii) - Specialised Services	-	1 064 264
Section 36(1)(a)(v) - Impractical to follow official procurement process	4 838 054	2 036 696
Total	7 201 621	7 983 564
Municipal Manager Office	335 451	806 993
Budget and Treasury Office	1 877 446	1 164 584
Infrastructure Planning and Development	2 206 622	1 219 154
Corporate Services	1 757 659	3 785 001
Strategic Planning and Development	627 040	443 416
Community Services	397 404	564 416
Total	7 201 621	7 983 564

47 CAPITAL COMMITMENTS

Approved and contracted for - Infrastructure	52 493 491	75 502 178
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This expenditure will be financed from:

Own Revenue	1 660 517	3 801 758
Municipal Infrastructure Grant	24 159 826	23 853 898
Office of the Premier Grant (OTP)	26 673 148	47 846 523
	52 493 491	75 502 178

48 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

48.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	76 990 418	59 270 802
Receivables from exchange transactions	9 014 576	4 989 397
Receivables from non-exchange transactions	10 688 384	24 536 826
Total	96 693 378	88 797 025

Cash and Cash Equivalents and Non-Current Investments

Deposits of the municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

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Receivables

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to notes 3 and 4 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are passed due, but not impaired:

Rates	7 294 520	14 951 215
Electricity	2 900 393	588 368
Refuse	1 417 647	1 094 533
Other	2 260 032	1 186 550
Total	13 872 592	17 820 665

Rates is not considered to be a financial asset, but is included in analysis for user purposes.

Long Term Receivables (including current portion)

Long Term Receivables are disclosed after taking into account any provision for impairment raised against the outstanding balance. Each outstanding balance are individually assessed for impairment.

No receivables were pledged as security for liabilities and no collateral is held from any of the counter parties.

48.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The financial instruments of the municipality is not directly exposed to any currency risk.

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48.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (Excluding Cash on Hand)	76 990 418	59 270 802
Long-term Liabilities (Including Current Portion)	-	-
Net balance exposed	76 990 418	59 270 802

Although the non-current provision is not defined as a financial instrument, the potential effect of changes in interest rates used to discount this balance over time, is included for the benefit of the user of the financial statements.

Potential effect of changes in interest rates on surplus and deficit for the year/period:

0.5% increase in interest rates	384 952	296 354
1% decrease in interest rates	(769 904)	(592 708)

South Africa have reached the turning point in the rates cycle and any further upward adjustments are remote.

48.4 Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

	Within 1 Year	Two to five years	PAYABLE After five years	Total
30 JUNE 2019				
Finance Leases	89 893	104 876	-	194 769
Payables from exchange transactions	49 877 105	-	-	49 877 105
Unspent conditional grants and receipts	1 212 783	-	-	1 212 783
Total	51 179 781	104 876	-	51 284 657
30 JUNE 2018				
Finance leases	176 965	-	-	176 965
Payables from exchange transactions	39 638 270	-	-	39 638 270
Unspent conditional grants and receipts	4 826 457	-	-	4 826 457
Total	44 641 692	-	-	44 641 692

48.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The municipality is not exposed to any other price risk.

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49 FINANCIAL INSTRUMENTS

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

Financial Assets

Cash and Cash Equivalents	77 124 912	59 270 802
Receivables from exchange transactions	9 014 576	4 989 397
Total	86 139 489	64 260 199

Financial Liabilities

Current Portion of Long-term Liabilities	64 506	162 782
Payables from exchange transactions	49 877 105	39 638 270
Unspent Conditional Grants and Receipts	1 212 783	4 826 457
Long-term Liabilities	93 031	-
Total	51 247 424	44 627 509

50 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

Rates	7 453 107	14 951 215
Fines	-	-
Taxes	10 874 092	10 517 388
Total	18 327 200	25 468 603

Refer to notes 4 and 5 for more detail relating to the rates receivables and taxes.

The amounts above are disclosed after any provision for impairment has been taken into account.

51 EVENTS AFTER REPORTING DATE

The Municipal had no significant events after reporting date.

52 IN-KIND DONATIONS AND ASSISTANCE

No in-kind donations and assistance were received by the Municipality during the 2018/2019 financial year.

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand		2019	2018
53	PRIVATE PUBLIC PARTNERSHIPS (PPP's)		
	Council entered into a Private Public Partnership (PPP) with Interwaste (Pty) Ltd ("The Private Company") on 30 May 2013.		
	In terms of the PPP the Private Company will be responsible for the maintenance and operation of the landfill sites in Ugie and Maclear, as well as Mt Fletcher from 2015/16. The Municipality is still responsible for the collection of refuse at the consumers' premises.		
	The duration of the contract is 10 years and future estimated payments (including VAT) are set out below:		
	Year	Amount Payable	
	2018/19		5 708 715
	2019/20		6 051 221
	2020/21		6 414 297
	2021/22		6 679 164
	2022/23		7 207 122
	In terms of the PPP, the Private Company is required to provide their own movable assets in order to fulfil their function. The PPP does make provision for the transfer of the movable assets to the Municipality at the end of the contract. The Private Company is not required to build any new assets, but only to maintain the current assets belonging to the Municipality.		
	The performance of the Private Company is reviewed on an annual basis. The contract may be terminated based on non-performance. There is also no renewal clause after the 10 years.		
54	CONTINGENT LIABILITIES		
	Council do have the following contingent liabilities at the end of the financial year 2018/2019:		
54.1	A labour dispute was declared relating to unpaid employee benefits amounting to R465,892. The matter emanates from their claim for unpaid overtime and standby allowance dating back to 2002. A notice of motion dated 24 April 2018 was served on the municipality on 21 May 2018, with different claim amounts by the former employees - EL Bezuidenhout R477,311, B Perkins R544,737 and A V Lefember R454,546. The applicants have since withdrawn the matter from the Labour Court and the municipality has claimed and been paid for wasted costs amounting to R95,000.	-	1 476 595
54.2	A company was contracted to do road repairs in Maclear, but failed to do work to satisfaction of the Municipality. The Municipality rightfully retained a certain percentage of the retention fee amounting to an estimate of R950,000. The plaintiff is suing the Municipality for the retention fees. The Municipality has defended the action. The Municipality is now awaiting for its attorneys to give a response to the claim (Plea).	950 000	950 000
54.3	The Municipality has been sued by a plaintiff for damages to his vehicle amounting to R85,307. The plaintiff alludes that the damages obtained was due to the Municipality neglecting to maintain its roads. The Municipality is now awaiting for its attorneys to respond to the claim (Plea).	85 307	85 307

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

<i>Figures in Rand</i>	2019	2018
54.4 A former director in the employment of the Municipality has approached the Labour Court, claiming that the appointment of an employee to the position previously occupied by the applicant, and to which he had applied, be deemed irregular and invalid on account of the employee being suitable for the position and, by implication, he be deemed the suitable candidate. The Municipality is defending the action. As the applicant has been employed in another municipality in a role similar to the one that he played at the municipality since the 2017/2018 financial year, it is considered adequate that the contingent liability be calculated.	582 487	582 487
54.5 A contractor failed to fulfil its contractual obligations and therefore the Municipality, after following due process, terminated the contract in March 2014. A Summons was received on 23 September 2014 claiming for loss of profit of the said termination amounting to R1,250,000. The matter is still pending before the Mthatha High Court as it has been postponed on various occasions.	1 250 000	1 250 000
54.6 A contractor was appointed to construct an access road and was paid off as per the terms of the contract. Subsequent to the work performed, the contractor submitted a claim alleging to have performed additional work for which the municipality has not paid. The Municipality has refused to pay the amounts claimed as the work allegedly performed cannot be verified and was also not authorised. The contractor has approached a court of law to demand payment and the municipality is defending the action.	961 156	961 156
54.7 The Municipality has been sued by a plaintiff for damages to his vehicle amounting to R305,307.90. The plaintiff alludes that the damages obtained was due to the Municipality's negligent of its vehicle with registration letters and number HPY 707 EC. The Municipality and through its insurers, is defending the claim.	305 308	-
54.8 A notice of motion and founding affidavit has been lodged with the Labour Court in Port Elizabeth on 29 October 2018 by a former employee of the municipality, seeking to be reinstated to his position with effect from the date of dismissal. The municipality is defending the matter and the matter is awaiting a set down.	967 974	-
Total estimated Contingent Liabilities	5 102 232	5 305 545

55 RELATED PARTIES

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

Other related parties transactions relates to the acquisition of goods under terms and conditions applicable to open market trading on a willing buyer and seller principles. The payment terms are not favourable to other transactions (other related parties) and are not secured or encumbered. Settlement terms are in accordance with the general terms of trade with no guarantees received or given. The provision for doubtful debts is not made as the municipality is not owed by the supplier and no bad debts expense was recognised on these related parties.

55.1 Related Party Loans

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

55.2 Compensation of Management Personnel

Remuneration of related parties are disclosed in notes 28 and 29

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

Figures in Rand

2019

2018

55.3 Joe Gqabi Economic Development Agency (SoC) Ltd - (JoGEDA)

The Municipal Manager is a non-executive director of Joe Gqabi Development Agency representing council as an ex-officio member.

55.4 Other transactions in terms of Section 45 of the Municipal Supply Chain Regulations

<u>Company name</u>	<u>Relationship to the person of the state (Position)</u>		
Isiphile Trading 2013	Family to N Thuli (Chief Buyer)	325 527	164 215
Abojali Developers Enterprise	Sibling to N Ntaka (Intern - BTO)	43 410	23 275
Thozama and AB Trading Enterprise	Mother to VNodikana (SMMMME Dev Officer)	9 231	-
K201248808/Siphesihle Trading	Daughter of M Sahlulo (Registry Clerk)	96 050	-
Mfana 83 Trading	Spouse of Z Mbana (Clerk - Expenditure)	11 250	-
Imbokodo Women Trading Enterprise	Mother of F Chaka (Senior Enatis Clerk)	5 250	21 600
ITY Trading	Sibling of N Pula (Cleaner/Parks and amenities)	22 200	-
Sandisile Business Enterprise	Spouse of Z Lusawana (Accountant)	-	133 025
Infrastructure Options	Benjamin Watermeyer - Son	215 000	-
Total		727 918	342 115

ELUNDINI LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2019

INSTITUTION	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2018 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2019 R
LEASE LIABILITIES						
Fujitsu FI-6670	20.45%	2019/03/31	47 773	-	(47 773)	-
Xerox 7225	20.45%	2019/03/31	15 809	-	(15 809)	-
Xerox 7225	20.45%	2019/03/31	15 809	-	(15 809)	-
Xerox 7225	20.45%	2019/03/31	15 809	-	(15 809)	-
Xerox D110	20.45%	2019/03/31	66 477	-	(66 477)	-
Xerox 3210	20.45%	2019/03/31	1 106	-	(1 106)	-
Xerox C8055	19.68%	2021/08/31	-	101 231	(22 463)	78 768
Xerox C8055	19.68%	2021/08/31	-	101 231	(22 463)	78 768
Total Lease Liabilities			162 783	202 463	(207 709)	157 537

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2019

	Restated balance 1 JULY 2018 R	Contributions during the year R	Operating Expenditure transferred to revenue (OPERATING) R	Capital Expenditure transferred to revenue (CAPITAL) R	Balance 30 June 2019 R	Unspent 30 June 2019 (Creditor) R	Unpaid 30 June 2019 (Debtor) R
NATIONAL GOVERNMENT							
Equitable Share	-	138 382 305	(138 382 305)	-	-	-	-
Municipal Infrastructure Grant	3 620 013	38 207 000	(1 910 350)	(39 916 663)	-	-	-
Integrated National Electrification Programme (INEP)	181 745	25 636 000	(25 817 745)	-	-	-	-
Municipal Finance Management Grant	-	1 700 000	(1 700 000)	-	-	-	-
Expanded Public Works Program (EPWP)	318 305	1 458 695	(1 777 000)	-	-	-	-
Energy Efficiency & Demand Side Management	-	3 000 000	(3 164 654)	-	(164 654)	-	(164 654)
Total	4 120 063	208 384 000	(172 752 054)	(39 916 663)	(164 654)	-	(164 654)
PROVINCIAL GOVERNMENT							
Libraries Grant	705 033	750 000	(743 611)	-	711 422	711 422	-
Premier's Office Grant	(7 859 788)	26 579 076	-	(20 064 087)	(1 344 799)	-	(1 344 799)
DEDEA Grant	-	500 000	-	-	500 000	500 000	-
Total	(7 154 755)	27 829 076	(743 611)	(20 064 087)	(133 377)	1 211 422	(1 344 799)
OTHER GRANT PROVIDERS							
Voter Station Grant	1 360	-	-	-	1 360	1 360	-
Total	1 360	-	-	-	1 360	1 360	-
ALL SPHERES GOVERNMENT	(3 033 332)	236 213 076	(173 495 665)	(59 980 750)	(296 671)	1 212 782	(1 509 453)

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
Financial Performance						
Property rates	28 254 605	-	28 254 605	23 203 124	(5 051 481)	18 408 425
Service charges	28 908 884	5 135 609	34 044 493	33 282 595	(761 898)	26 862 081
Investment revenue	2 441 000	-	2 441 000	5 515 291	3 074 291	4 786 831
Transfers and subsidies - operational	173 745 000	2 274 082	176 019 082	173 495 665	(2 523 417)	170 545 204
Other own revenue	43 766 939	837 039	44 603 978	15 454 754	(29 149 224)	14 350 744
Total Operating Revenue (excluding capital transfers)	277 116 428	8 246 730	285 363 158	250 951 430	(34 411 728)	234 953 286
Employee costs	98 540 000	637 276	99 177 276	98 972 059	(205 217)	83 685 220
Remuneration of councillors	12 398 000	203 783	12 601 783	12 027 751	(574 032)	11 542 381
Debt impairment	7 810 991	-	7 810 991	10 084 909	2 273 918	(5 654 966)
Depreciation and asset impairment	48 897 811	-	48 897 811	35 520 766	(13 377 045)	31 518 567
Finance charges	53 200	-	53 200	1 489 181	1 435 981	1 259 623
Bulk purchases	26 599 079	-	26 599 079	20 820 704	(5 778 375)	20 017 802
Other Materials	3 188 310	(864 267)	2 324 043	962 569	(1 361 474)	491 800
Contracted Services	82 705 333	5 713 816	88 419 149	69 241 105	(19 178 044)	57 467 733
Transfers and grants	-	-	-	2 428 156	2 428 156	2 130 126
Other expenditure	53 633 131	963 638	54 596 769	36 436 723	(18 160 046)	42 703 529
Loss on disposal of PPE	-	-	-	1 259 009	1 259 009	-
Total Expenditure	333 825 855	6 654 246	340 480 101	289 242 933	(51 237 168)	245 161 816
Surplus/(Deficit)	(56 709 427)	1 592 484	(55 116 943)	(38 291 504)	16 825 439	(10 208 530)
Transfers and subsidies - capital (monetary)	67 795 000	1 709 662	69 504 662	59 980 750	(9 523 912)	68 296 961
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-
Surplus/(Deficit) for the year	11 085 573	3 302 146	14 387 719	21 689 247	7 301 528	58 088 431
Capital expenditure & funds sources						
Capital expenditure	86 897 327	4 873 238	91 770 565	62 154 185	(29 616 380)	66 904 192
Transfers recognised - capital	67 795 000	1 709 662	69 504 662	55 382 692	(14 121 970)	51 274 641
Public contributions & donations	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-
Internally generated funds	19 102 000	3 163 350	22 265 350	6 771 493	(15 493 857)	15 629 551
Total sources of capital funds	86 897 000	4 873 012	91 770 012	62 154 185	(29 615 827)	66 904 192
Cash flows						
Net cash from (used) operating	79 028 787	(39 596 243)	39 432 544	80 012 827	40 580 283	83 882 531
Net cash from (used) investing	(86 897 000)	(4 874 012)	(91 771 012)	(61 951 722)	29 819 290	(66 281 675)
Net cash from (used) financing	-	-	-	(206 995)	(206 995)	(198 575)
Net Cash Movement for the year	(7 868 213)	(44 470 255)	(52 338 468)	17 854 110	70 192 578	17 402 281
Cash/cash equivalents at beginning of year	115 778 752	22 020 000	137 798 752	59 270 802	(78 527 950)	41 868 521
Cash/cash equivalents at the year end	107 910 539	(22 450 255)	85 460 284	77 124 912	(8 335 372)	59 270 802

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	-	-	-	-	-	(2 476)
Finance and administration	190 546 121	7 565 987	198 112 108	172 382 561	(25 729 547)	168 820 210
Community and public safety						
Community and social services	3 111 580	-	3 111 580	2 614 079	(497 501)	3 027 602
Sport and recreation	20 277	-	20 277	-	(20 277)	-
Public safety	2 574 755	-	2 574 755	3 547 024	972 269	2 609 065
Economic and environmental services						
Planning and development	2 040 326	500 000	2 540 326	61 759	(2 478 567)	84 297
Road transport	81 284 806	1 708 771	82 993 577	68 237 500	(14 756 077)	70 275 919
Trading services						
Energy sources	59 558 578	181 745	59 740 323	59 743 987	3 664	55 065 577
Waste management	5 774 915	-	5 774 915	4 345 270	(1 429 645)	3 370 052
Total Revenue - Standard	344 911 358	9 956 503	354 867 861	310 932 180	(43 935 681)	303 250 247
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	46 240 949	3 300 364	49 541 313	45 761 887	(3 779 426)	38 021 185
Finance and administration	94 232 603	2 789 196	97 021 799	78 709 487	(18 312 312)	65 621 722
Community and public safety						
Community and social services	5 949 320	(280 000)	5 669 320	5 095 494	(573 826)	5 640 163
Sport and recreation	7 134 695	304 999	7 439 694	8 267 086	827 392	6 530 402
Public safety	11 137 708	1 069 316	12 207 024	8 547 651	(3 659 373)	7 561 180
Economic and environmental services						
Planning and development	14 170 667	(279 487)	13 891 180	11 720 406	(2 170 774)	11 813 402
Road transport	61 480 056	(138 419)	61 341 637	51 576 869	(9 764 768)	29 477 193
Trading services						
Energy sources	74 498 082	287 745	74 785 827	60 457 259	(14 328 568)	65 540 418
Waste management	18 981 729	(400 000)	18 581 729	19 106 795	525 066	14 956 151
Total Expenditure - Standard	333 825 809	6 653 714	340 479 523	289 242 933	(51 236 590)	245 161 815
Surplus/(Deficit) for the year	11 085 549	3 302 789	14 388 338	21 689 247	7 300 909	58 088 432

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Executive & Council	-	-	-	-	-	(2 476)
Vote 2 - Budget and Treasury	190 546 121	7 565 987	198 112 108	172 255 743	(25 856 365)	168 459 965
Vote 3 - Corporate admin	-	-	-	126 818	126 818	360 245
Vote 4 - Community Services	11 481 668	-	11 481 668	10 506 373	(975 295)	9 006 720
Vote 5 - Strategic Planning Development	129 976	500 000	629 976	61 759	(568 217)	84 297
Vote 6 - Infrastructure Planning & Development	142 753 593	1 890 657	144 644 250	127 981 487	(16 662 763)	125 341 496
Total Revenue by Vote	344 911 358	9 956 644	354 868 002	310 932 180	(43 935 822)	303 250 247
EXPENDITURE						
Vote 1 - Executive & Council	46 240 949	3 300 364	49 541 313	45 761 887	(3 779 426)	38 021 185
Vote 2 - Budget and Treasury	56 262 415	2 789 200	59 051 615	57 223 276	(1 828 339)	39 082 938
Vote 3 - Corporate admin	37 970 188	(4)	37 970 184	21 486 211	(16 483 973)	26 538 784
Vote 4 - Community Services	44 385 768	(1 670 317)	42 715 451	41 017 026	(1 698 425)	34 687 896
Vote 5 - Strategic Planning Development	11 132 456	2 758 724	13 891 180	6 904 817	(6 986 363)	7 123 838
Vote 6 - Infrastructure Planning & Development	137 834 033	(524 253)	137 309 780	116 849 716	(20 460 064)	99 707 175
Total Expenditure by Vote	333 825 809	6 653 714	340 479 523	289 242 933	(51 236 590)	245 161 815
Surplus/(Deficit) for the year	11 085 549	3 302 930	14 388 479	21 689 247	7 300 768	58 088 432

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	28 254 605	-	28 254 605	23 203 124	(5 051 481)	18 408 425
Service charges - electricity revenue	25 983 014	2 786 564	28 769 578	29 137 325	367 747	23 990 868
Service charges - refuse revenue	2 925 870	2 349 045	5 274 915	4 145 270	(1 129 645)	2 871 213
Rental of facilities and equipment	9 047 504	-	9 047 504	8 234 698	(812 806)	7 497 800
Interest earned - external investments	2 441 000	-	2 441 000	5 515 291	3 074 291	4 786 831
Interest earned - outstanding debtors	1 300 843	-	1 300 843	1 970 411	669 568	1 893 181
Fines, penalties and forfeits	384 778	(158 915)	225 863	1 166 204	940 341	1 095 308
Licences and permits	2 630 775	(28 787)	2 601 988	2 796 071	194 083	2 336 685
Transfers and subsidies - Operating	173 745 000	2 274 082	176 019 082	173 495 665	(2 523 417)	170 545 204
Other revenue	29 977 290	1 024 741	31 002 031	1 287 371	(29 714 660)	1 406 281
Gain on disposal of PPE	425 749	-	425 749	-	(425 749)	121 490
Total Revenue (excl capital transfers)	277 116 428	8 246 730	285 363 158	250 951 430	(34 411 728)	234 953 286
EXPENDITURE BY TYPE						
Employee related costs	98 540 000	637 276	99 177 276	98 972 059	(205 217)	83 685 220
Remuneration of councillors	12 398 000	203 783	12 601 783	12 027 751	(574 032)	11 542 381
Debt impairment	7 810 991	-	7 810 991	10 084 909	2 273 918	(5 654 966)
Depreciation and asset impairment	48 897 811	-	48 897 811	35 520 766	(13 377 045)	31 518 567
Finance charges	53 200	-	53 200	1 489 181	1 435 981	1 259 623
Bulk purchases	26 599 079	-	26 599 079	20 820 704	(5 778 375)	20 017 802
Other Materials	3 188 310	(864 267)	2 324 043	962 569	(1 361 474)	491 800
Contracted Services	82 705 333	5 713 816	88 419 149	69 241 105	(19 178 044)	57 467 733
Transfers and grants	-	-	-	2 428 156	2 428 156	2 130 126
Other expenditure	53 633 131	963 638	54 596 769	36 436 723	(18 160 046)	42 703 529
Loss on disposal of PPE	-	-	-	1 259 009	1 259 009	-
Total Expenditure	333 825 855	6 654 246	340 480 101	289 242 933	(51 237 168)	245 161 816
Surplus/(Deficit)	(56 709 427)	1 592 484	(55 116 943)	(38 291 504)	16 825 439	(10 208 530)
Transfers and subsidies - Capital (monetary)	67 795 000	1 709 662	69 504 662	59 980 750	(9 523 912)	68 296 961
Transfers and subsidies - Capital (in-kind)	-	-	-	-	-	-
Surplus/(Deficit) for the year	11 085 573	3 302 146	14 387 719	21 689 247	7 301 528	58 088 431

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 1 - Executive & Council	-	-	-	-	-	-
Vote 2 - Budget & Treasury	-	-	-	-	-	-
Vote 3 - Corporate services	-	-	-	-	-	-
Vote 4 - Community Services	-	-	-	-	-	-
Vote 5 - Strategic Planning & Development	-	-	-	-	-	-
Vote 6 - Infrastructure Development & Planning	-	-	-	-	-	-
Total Multi-year expenditure	-	-	-	-	-	-
Single-year expenditure						
Vote 1 - Executive & Council	95 760	-	95 760	586 726	490 966	2 154
Vote 2 - Budget & Treasury	2 830 240	-	2 830 240	1 510 014	(1 320 226)	671 002
Vote 3 - Corporate services	2 189 767	-	2 189 767	279 628	(1 910 139)	121 654
Vote 4 - Community Services	2 376 710	-	2 376 710	1 729 998	(646 712)	1 773 932
Vote 5 - Strategic Planning & Development	1 600 000	606 000	2 206 000	780 043	(1 425 957)	14 140
Vote 6 - Infrastructure Development & Planning	77 804 850	4 267 238	82 072 088	57 267 776	(24 804 312)	64 321 310
Total Single-year expenditure	86 897 327	4 873 238	91 770 565	62 154 185	(29 616 380)	66 904 192
Total Capital Expenditure by Vote	86 897 327	4 873 238	91 770 565	62 154 185	(29 616 380)	66 904 192
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	95 760	-	95 760	586 726	490 966	2 154
Finance and administration	5 020 007	-	5 020 007	1 789 642	(3 230 365)	792 656
Community and public safety						
Community and social services	146 710	-	146 710	155 471	8 761	101 166
Sport and recreation	400 000	(384 000)	16 000	-	(16 000)	840 698
Public safety	900 000	-	900 000	789 379	(110 621)	832 067
Economic and environmental services						
Planning and development	1 600 000	606 000	2 206 000	802 471	(1 403 529)	86 534
Road transport	74 610 224	3 301 838	77 912 062	56 577 052	(21 335 010)	61 594 549
Trading services						
Energy sources	3 194 626	965 400	4 160 026	668 296	(3 491 730)	2 654 368
Waste management	930 000	384 000	1 314 000	785 148	(528 852)	-
Total Capital Expenditure - Standard	86 897 327	4 873 238	91 770 565	62 154 185	(29 616 380)	66 904 192

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
CAPITAL EXPENDITURE (CONTINUED)						
FUNDING SOURCES						
National Government	38 207 000	1 709 662	39 916 662	32 861 116	(7 055 546)	26 218 101
Provincial Government	29 588 000	-	29 588 000	22 521 577	(7 066 423)	25 056 541
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-
Transfers recognised - capital	67 795 000	1 709 662	69 504 662	55 382 692	(14 121 970)	51 274 641
Public contributions & donations	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-
Internally generated funds	19 102 000	3 163 350	22 265 350	6 771 493	(15 493 857)	15 629 551
Total Capital Funding	86 897 000	4 873 012	91 770 012	62 154 185	(29 615 827)	66 904 192

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

ELUNDINI LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2019

	ORIGINAL BUDGET 2019 R	BUDGET ADJUSTMENTS 2019 R	FINAL BUDGET 2019 R	ACTUAL OUTCOME 2019 R	BUDGET VARIANCE 2019 R	RESTATED OUTCOME 2018 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	16 606 000	-	16 606 000	27 461 017	10 855 017	15 438 911
Service charges	23 126 800	-	23 126 800	27 672 620	4 545 820	28 254 390
Other revenue	33 765 778	-	33 765 778	27 112 755	(6 653 023)	17 878 976
Government - operating	173 745 000	681 745	174 426 745	171 427 000	(2 999 745)	166 954 575
Government - capital	67 795 000	3 620 012	71 415 012	64 786 076	(6 628 936)	68 296 961
Interest	3 680 488	-	3 680 488	5 515 291	1 834 803	4 786 831
Payments						
Suppliers and employees	(239 637 079)	(43 898 000)	(283 535 079)	(241 482 527)	42 052 552	(215 467 408)
Finance charges	(53 200)	-	(53 200)	(51 249)	1 951	(130 579)
Transfers and grants	-	-	-	(2 428 156)	(2 428 156)	(2 130 126)
NET CASH FROM OPERATING ACTIVITIES	79 028 787	(39 596 243)	39 432 544	80 012 827	40 580 283	83 882 531
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	-	-	622 518
Payments						
Capital assets	(86 897 000)	(4 874 012)	(91 771 012)	(61 951 722)	29 819 290	(66 904 192)
NET CASH USED IN INVESTING ACTIVITIES	(86 897 000)	(4 874 012)	(91 771 012)	(61 951 722)	29 819 290	(66 281 675)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	715	715	(16 683)
Payments						
Repayment of borrowing	-	-	-	(207 710)	(207 710)	(181 892)
NET CASH FROM FINANCING ACTIVITIES	-	-	-	(206 995)	(206 995)	(198 575)
NET INCREASE/ (DECREASE) IN CASH HELD	(7 868 213)	(44 470 255)	(52 338 468)	17 854 110	70 192 578	17 402 281
Cash/cash equivalents at the year begin:	115 778 752	22 020 000	137 798 752	59 270 802	(78 527 950)	41 868 521
Cash/cash equivalents at the year end:	107 910 539	(22 450 255)	85 460 284	77 124 912	(8 335 372)	59 270 802

COMPONENT B: FINANCIAL OVERVIEW

5.2. Expenditure Management

Details	30 June 2019	30 June 2018
Creditors payment period	1 day	44 days

5.3. Revenue Management

Details	30 June 2019	30 June 2018
Debtor collection period (after impairment)	159 days	102 days
Debtor impairment provision as a percentage of accounts receivable	56%	6%
Percentage of electricity losses incurred	13%	23, 66%

5.4. Asset and Liability Management

Details	30 June 2019	30 June 2018
Current ratio	1.7:1	2.1:1
Total assets to total liabilities	7.68:1	8.3:1

5.5. Cash Management

Details	30 June 2019	30 June 2018
Cash and cash equivalent as a percentage of operating expenditure	3.8%	28%
Creditors as a percentage of cash and cash equivalents	78%	72%

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

COMPONENT C: OPEATING RATIOS

Details	Expected norm	Actual	Variance
Employee costs	40%	38%	2%
Repairs and maintenance	8%	3%	5%
Finance charges and depreciation	8%	11%	-3%

- ✓ Employee cost is 34% and is within the expected norm;
- ✓ Repairs and maintenance is 8% of the Property plant & equipment currently we are below the norm as we budgeted 6% of the total operating budget;
- ✓ Finance charges and depreciation are 3% more than the norm. This can be attributed to the higher depreciation generated as a result of the compensation of infrastructure assets in terms of GRAP.

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR – GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1 (PRIOR YEAR)

Report of the auditor-general to the Eastern Cape provincial Legislature and council on Elundini Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Elundini Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amount for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, because of the significance of the matters described in the basis for adverse opinion section of this auditor's report, financial statements do not present fairly, in all material respects, the financial position of the Elundini Local Municipality as at 30 June 2018, and financial performance and its cash flows for the year then ended in accordance South African Standard of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act of South Africa (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa (Act No.3 of 2017) (DoRA).

Basis for adverse opinion

Property, plant and equipment

3. The municipality did not recognise all items of property, plant and equipment in accordance with GRAP 17, *property, plant and equipment* as disclosed in note 7. Assets in progress were incorrectly transferred to completed assets. As a result infrastructure assets are overstated by R 26,7 million and work in progress understated by R26,7million, depreciation understated by R 4,88 million and property, plant and equipment overstated by R4,88 million as disclosed in note 7 to the financial statements.
4. In addition, the municipality did not consider impairment to property, plant and equipment and incorrect useful lives were used for calculation of depreciation in accordance with GRAP 17, property, plant and equipment as disclosed in note 7. Consequently, I was unable to determine the full extent of the overstatement of property, plant and equipment stated at R405,2 million in note 7 to the financial statement, as it was impractical to do so.

Payables from exchange transactions

5. The municipality did not have adequate systems to maintain records of accounts payable for goods and services received but not yet paid for, as the listing included invoices already paid by the municipality. This resulted in accruals being overstated by R6,5 million. In addition, I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as payables from exchange transactions. I could not confirm payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to payables from exchange transactions stated at R29,5 million in the financial statements.

Receivables from non-exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence for an adjustment made to receivables from non-exchange transactions due to the poor status of the accounting records. I could not confirm the validity of the adjustment to receivables from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to receivables from non-exchange transactions stated at R23,1 million in the financial statements.

Revenue from exchange transactions

7. The municipality incorrectly recognised impairment recovered as revenue from exchange transactions, as result revenue from exchange transactions is overstated and debt impairment overstated by R7,1 million.

Operating grant expenditure

8. The municipality did not account for conditional grants according to DoRA. Consequently, operating grant expenditure is overstated by R5,8 million and general expenditure overstated by R5,8 million.

Statement of financial performance

9. Statement of financial performance was materially misstated by R4, 8 million due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:

Total revenue

- Interest charged on trade and other receivables as stated in the statement of financial performance at R1,9 million is over stated by R873 743.

Total expenditure

- Repairs and maintenance as stated in the statement of financial performance at R13,5 million was overstated by R1,2 million.
- Employee related costs as stated in the statement of financial performance at R79,7 million was overstated by R2,7 million.

Capital commitments

10. I was unable to obtain sufficient appropriate audit evidence for an adjustment made to capital commitments due to the poor status of the accounting records. I could not confirm the validity of the adjustment to capital commitments by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to capital commitments stated at R28,54 million in the financial statements.

Cash flow statements

11. The municipality incorrectly classified and incorrectly calculated various line items in the cash flow statement. This resulted in the following line items being misstated as described:
- Rates, services and other was overstated by R5,99 million.
 - Interest revenue is overstated by R3,36 million.
 - Suppliers and employees costs are overstated by R9 million.

Context for the opinion

12. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
13. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
14. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Emphasis of matters

15. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material Losses - electricity

16. As disclosed in note 40 to the financial statements, electricity losses of R4,7million (2017: R4,5 million) was incurred which represent 23.66% (2017: 23.12%) of the total electricity purchased.

Impairment loss – trade debtors

17. As disclosed in notes 3 and 4 to the financial statements, material impairments of R14 million and R19,8 million respectively were incurred as a result of a provision of impairment of irrecoverable trade and other receivables from exchange and non-exchange transactions.

Irregular expenditure

18. As disclosed in note 39,3 to the financial statements, the municipality incurred irregular expenditure of R54,3 million as it did not follow proper tender processes.

Other matters

19. I draw attention to the matters below. My opinion is not modified in respect of these matters.

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

Unaudited disclosure notes

20. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly we do not express an opinion thereon.

Unaudited supplementary information

21. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

22. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
23. In preparing the financial statements, the accounting officer is responsible for assessing the Elundini Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

24. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
25. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

26. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

27. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
28. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2018:

Development priorities	Pages in the annual performance report
<i>KPA 2: Basic services and infrastructure</i>	x -x
<i>KPA 3: Local Economic Development</i>	x-x

29. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
30. I did not raise any material findings on the usefulness and reliability of the reported performance information for these development priorities.

Other matters

31. I draw attention to the matters below.

Achievement of planned targets

32. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year.

Adjustment of material misstatements

33. I identified material misstatements in the annual performance report submitted for auditing. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

34. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
35. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements, performance and annual reports

36. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected which resulted in the financial statements receiving an adverse audit opinion.

Asset management

37. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Expenditure management

38. Effective steps were not taken to prevent irregular expenditure amounting to R54 342 394 as disclosed in note 39.3 to the annual financial statements, as required by section 62(1)(d) of the MFMA.

Procurement and contract management

39. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). Similar non-compliance was also reported in the prior year.

Human resource management

40. The senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

Other information

41. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report.
42. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

43. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report.
44. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

Internal control deficiencies

45. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
46. Leadership did not provide adequate oversight in ensuring that there are policies and procedures in place and monitor implementation of such policies to enhance the control environment, as a result the existing controls could not prevent, detect or correct material misstatements on the financial statements, annual performance report and instances of non-compliance with laws and regulations before submission for audit purposes
47. The municipality did not perform monthly processing and reconciliation of transaction to ensure that accounting records are accurate, complete and supported by adequate supporting documentation, this is evidence by material misstatements identified in the financial statements and annual performance report submitted for audit. In addition compliance with legislation was not monitored adequately throughout the year, resulting in numerous material findings on compliance with legislation.

49. The risk management strategy of the municipality did not adequately respond to the Mscoa implementation as a result material misstatements were identified in the financial statements. Furthermore the audit committee and internal audit unit did not adequately review the financial statements and annual performance report submitted as results numerous material misstatements were identified and instances of non-compliance with laws and regulations.

Auditor-General

East London

30 November 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

COMPONENT B: AUDITOR – GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -0 (CURRENT YEAR)

Report of the auditor-general to the Eastern Cape Provincial Legislature and council on Elundini Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Elundini Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amount for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Elundini Local Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the South African standards of Generally Recognised Accounting Practices (GRAP) and the requirements of the Municipal Finance Management Act (Act no. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act no.1 of 2018) (Dora).

Basis for opinion:

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 40 the financial statements, the corresponding figures for 30 June 2018 have been restated as a result of errors in the financial statements of the municipality at, and identified during the year ended, 30 June 2019.

Irregular expenditure

8. As disclosed in note 44.3 to the financial statements, the municipality incurred irregular expenditure of R50,6 million (2017-18: R54,3 million) as it did not follow a proper procurement processes.

Material impairments – receivables

9. As disclosed in notes 3 to the financial statements, material impairments for receivables from exchange transactions to the amount of R21,2 million (2017-18: R15,4 million) respectively were incurred as a result of non- payment by trade debtors.
10. As disclosed in notes 4 to the financial statements, material impairments for receivables from non-exchange transactions to the amount of R10,3 million (2017-18: R6,5 million) respectively were incurred as a result of non- payment by trade debtors.

Material losses - electricity

11. As disclosed in note 45 to the financial statements, material electricity losses of R5, 0 million (2017-18: R4, 7 million) was incurred, which represents 24% (2017-18: 23%) of total electricity purchased. The electricity losses are due to inadequate controls within the municipality to ensure that loss events are monitored and attended regularly, and that the infrastructure is properly maintained.

Other matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not form part of the audit of the financial statements and accordingly we do not express an opinion thereon.

Unaudited supplementary information

14. The supplementary information set out on pages ... to ... do not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

15. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
16. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

17. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
18. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

19. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
20. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
21. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2019:

Development priority	Pages in the annual performance report
KPA 2 - Basic services and infrastructure	x – x

22. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

23. The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

KPA 2 – Basic service and infrastructure

Various indicators

24. The target and the performance measure for the below indicators is not well defined as the target is not specific in relation to the indicator. The target and the expected performance is in percentages whereas the indicator is defined as kilometres.

Indicator name	Planned target	Reported achievement
KMs of paved roads constructed: Upgrading of Vincent Streets & Stormwater	80%	71%
KMs of unpaved access roads constructed: Liphofung Access Road	60%	70%

Number of households and commercial properties with access to refuse collection service

25. The source information and evidence for achieving the planned indicator was not clearly defined. The planned target for this indicator is not measurable, as the source data for reported achievement has been changed from planned data.

Number of indigent households with access to free basic services

26. The systems and processes that enable reliable reporting of achievement against the indicator were not adequately designed as the municipality did not have a system that enables it to verify whether or not their indigents were valid.

Other matters:

27. I draw attention to the matters below:

Achievement of planned targets

28. Refer to the annual performance report on pages ... to ... to for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 24; 25 and 26 of this report.

Unaudited supplementary schedules

29. The supplementary information set out on pages ... to ... do not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Report on the audit of compliance with legislation

Introduction and scope

30. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

31. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements, performance and annual reports

32. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current liabilities, expenditure and disclosure item identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently.

Expenditure management

33. Reasonable steps were not taken to prevent irregular expenditure amounting to R50,6 million as disclosed in note 44.3 to the annual financial statements, as required by section 62(1)(d) of the MFMA.

Revenue management

34. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Procurement and contract management

35. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

36. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of the code of conduct for councillors issued in terms of the Municipal Systems Act.

Other information

37. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.

38. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

39. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

40. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

41. I considered internal control relevant to my audit of financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

42. Leadership did not provide adequate oversight in ensuring that there are policies and procedures in place and monitor implementation of such policies to enhance the control environment, as a result the existing controls could not prevent, detect or correct material misstatements on the financial statements, annual performance report and instances of non-compliance with laws and regulations before submitting for audit purposes.

43. The municipality did not perform monthly processing and reconciliation of transaction to ensure that accounting records are accurate, complete and supported by adequate supporting documentation, this is evidence by material misstatements identified in the financial statements submitted for audit. In addition, compliance with legislation was not monitored adequately throughout the year, resulting in numerous material findings on compliance with legislation.

Auditor - General

East London

24 January 2020



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected development priorities and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Elundini Local Municipality ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

COMPONENT C: AUDIT RESPONSE PLAN

ELM

AUDIT ACTION PLAN – 2019

[illegible]

[illegible]

[illegible]

LEGEND:

CFO - Chief Financial Officer

DCS - Director Corporate Services

SMSS - Senior Manager - Strategic Support

LO - Legal Officer

DIPED - Director - Infrastructure Planning & Economic Development

DSPED - Director Strategic Planning & Economic Development

DCoS - Director Community Services

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PROGRESS STATUS:

0%	Not started
25%	Progress up to 25% completed
50%	Progress up to 25% completed
75%	Progress up to 75% completed
99%	Ongoing activity
100%	Completed

APPENDIX A – COUNCILLORS; WARD AND/ OR PARTY REPRESENTED AND COUNCIL ATTENDANCE

The Council had 10 scheduled meetings, including both ordinary and special council meetings. The table below depicts the attendance of councillors to the council meetings:

COUNCIL MEMBERS	FULL TIME/PART TIME	WARD/ ORGANISATION	No of Council meetings attended	No of apologies for non- attendance	% Council meetings attendance
Nonkongozelo Ruth Lengs	FT	African National Congress	9	0	81, 8%
Victoria Vangiwe Hokwana	FT	African National Congress	10	0	90, 9%
Fanisile William Ngayeka	PT	WARD 1	9	0	81, 8%
Thamsanqa James Pikinini	PT	WARD 2	9	1	81, 8%
Zandisile Mampintsha	PT	WARD 3	10	0	90, 9%
Kgotsofaditse Mgijima	PT	WARD 4	6	0	54, 6%
Siyabulela Joseph Thabo Magadla	PT	WARD 5	10	0	90, 9%
Simphiwo Mdoda	PT	WARD 6	10	0	90, 9%
Gwebibango Sotsu	PT	WARD 7	10	0	90, 9%
Diliza Johnson Mbombo	PT	WARD 8	9	0	81, 8%
Mzoxolo Marubelela	PT	WARD 9	8	1	72, 7%
Moleboheng Telile	PT	WARD 10	10	0	90, 9%
Luvuyo Lubanga	PT	WARD 11	10	0	90, 9%
Lennox Simphiwo Ndumndum	PT	WARD 13	10	0	90, 9%
Ntombizanele Ntaopane	PT	WARD 14	10	1	90, 9%
Lebohang Christopher Booka	PT	WARD 15	10	1	90, 9%
Zoliwe Lilly Thwethiso	PT	WARD 16	11	0	100%
Vuyiswa Ntuthu	PT	WARD 17	10	0	90, 9%
Mamello Leteba	PT	African National Congress	11	0	100%
Mathabang Lillian Naketsana	PT	African National Congress	8	1	72, 7%
Lonwabo Magqashela	PT	African National Congress	9	0	81, 8%
Manthuseng Grace Moni	PT	African National Congress	9	1	81, 8%

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Thozama Victoria May	PT	African National Congress	11	0	100%
Bukiwe Msuthwana	PT	African National Congress	10	1	90, 9%
Nonceba Ladyfreigh Motema	PT	African National Congress	11	0	100%
Nontuthuzelo Nkalitshana	PT	African National Congress	9	0	81, 8%
Ntombekhaya Nomlungisi Ndabangaye	PT	African National Congress	10	0	90, 9%
Xola Psychology Majikijela	PT	African National Congress	9	0	81, 8%
Mxolisi Nicholas Ndlumbini	PT	Economic Freedom Fighter	10	1	90, 9%
Manonyana Tsoananyana	PT	African Independent Congress	8	0	72, 7%
Aaron Mlamli Mqamelo	PT	United Democratic Movement	8	0	72, 7%
Lulamo Pili	PT	Democratic Alliance	8	0	72, 7%
Kekeletso Primrose Mahleleba	PT	Democratic Alliance	10	0	90, 9%

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APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Below is the list of both Section 79 and 80 Committees that ELM had during the year under review:

Committees (other than Mayoral / Executive Committee) and Purposes of Committees		
Type of Committee	Municipal Committees	Purpose of Committee
Section 80	Corporate Services Portfolio Committee	The purpose is to provide the EXCO and Council with reports on all Corporate Services functions
Section 80	Community Services Portfolio committee	The purpose is to provide the EXCO and Council with reports on all Community Services functions
Section 80	Financial Services Portfolio Committee	The purpose is to provide the EXCO and Council with reports on all Financial Services functions
Section 80	Infrastructure Planning and Development Portfolio Committee	The purpose is to provide the EXCO and Council with reports on all Infrastructure Planning and Development functions
Section 80	Strategic Planning and Economic Development Portfolio Committee	The purpose is to provide the EXCO and Council with reports on all Strategic Planning and Economic Development functions
Section 80	Strategic Governance Committee	The purpose is to ensure that ELM is operating in a transparent and accountable way and to also ensure that it is a suitable organisation which is clear of its contribution to its local people.
Section 79	Municipal Public Accounts Committee	The purpose is to exercise oversight over executive functionaries of Council and ensure good governance in ELM.
Section 79	Members' Interests and Ethics Committee	The purpose is to establish and promote ethical conduct standards for municipal officials and members of the Council. To outline certain roles of conduct so that they carry out duties, powers and function impartially and in dignity
Section 79	Rules Committee	The purpose of this committee is to develop, formulate and adopt policy concerning the exclusive business of the Council including its proceedings, procedures, rules and orders, also to monitor and oversee the implementation of policy on all matters mentioned above.
Section 79	Budget Steering Committee	The purpose of this committee is to provide technical assistance to the Mayor in discharging his or her duties as provided for in the Municipal Finance Management Act No 56 of 2003.
Section 79	Audit Committee	The purpose of this committee is to advise municipal council and the accounting officer on issues of sound financial controls, audit, risk

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		management, performance management and good corporate governance.
Section 79	Women Caucus	The purpose of this committee is to advance interests of women and to ensure that women are also mainstreamed in all governance programmes.
Section 79	Mandate Committee	The purpose of this committee is to provide mandate to representatives serving in the district municipal council on issues of the municipality that need consideration by the district municipal council

Below are the tables reflecting members of Section 79 and 80 Committees and their portfolios:

SECTION 79 COMMITTEES

COMMITTEE	MEMBERS	PORTFOLIO
AUDIT COMMITTEE	Mr. T. de Beer	Chairperson
	Mrs H. Fungai	Member
	Mr. A. Mlambo	Member
	Mr. P. Songo	Member

COMMITTEE	MEMBERS	PORTFOLIO
WOMEN CAUCUS	Cllr V. Ntuthu	Chairperson
	Cllr Thwethiso	Member
	Cllr Ntaopane	Member
	Cllr Ndabangaye	Member
	Cllr Telile	Member

COMMITTEE	MEMBERS	PORTFOLIO
MANDATE COMMITTEE	Cllr Mgijima	Chairperson
	Cllr Ndabangaye	Member
	Cllr Mdoda	Member
	Cllr Sotsu	Member

COMMITTEE	MEMBERS	PORTFOLIO
RULES COMMITTEE	Cllr Hokwana	Chairperson
	Cllr Lengs	Member
	Cllr Leteba	Member
	Cllr Naketsana	Member

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COMMITTEE	MEMBERS	PORTFOLIO
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	Cllr M. Marubelela	Chairperson
	Cllr L. Lubanga	Member
	Cllr Majikijela	Member
	Cllr Z. L Thwethiso	Member
	Cllr M. Telile	Member
	Cllr K. P Mahlelebe	Member
	Chief Moshoeshoe	Member

COMMITTEE	MEMBERS	PORTFOLIO
MEMBERS INTERESTS AND ETHICS COMMITTEE	Cllr Booka	Chairperson
	Cllr Mahlelebe	Member
	Cllr Moni	Member
	Cllr Thwethiso	Member
	Cllr Mgijima	Member
	Cllr Ngayeka	Member

SECTION 80 COMMITTEES

COMMITTEE	MEMBERS	PORTFOLIO
STRATEGIC GOVERNANCE	Cllr N Lengs	Chairperson
	Cllr V.N Ntuthu	Member
	Cllr G. Sotsu	Member
	Cllr L.S Ndumndum	Member
	Cllr D.J Mbombo	Member

COMMITTEE	MEMBERS	PORTFOLIO
CORPORATE SERVICES	Cllr M Leteba	Chairperson
	Cllr G Sotsu	Member
	Cllr V Ntuthu	Member
	Cllr M.G Moni	Member
	Cllr N Ntaopane	Member
	Chief P Ntaba	Member

COMMITTEE	MEMBERS	PORTFOLIO
INFRASTRUCTURE PLANNING & DEVELOPMENT	Cllr T.V May	Chairperson
	Cllr C.L Booka	Member
	Cllr F.W Ngayeka	Member
	Cllr M Tsoananyana	Member
	Cllr B Msuthwana	Member

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	Chief Z.C Sibizo	Member
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COMMITTEE	MEMBERS	PORTFOLIO
COMMUNITY SERVICES	Cllr M.L Naketsana	chairperson
	Cllr Z Mampintsha	Member
	Cllr S.J.T Magandla	Member
	Cllr K.A Mgijima	Member
	Cllr D.J Mbombo	Member
	Nkosi Lebenya	Member

COMMITTEE	MEMBERS	PORTFOLIO
FINANCIAL SERVICES	Cllr A Mqamelo	Chairperson
	Cllr L.S Ndumndum	Member
	Cllr S Mdoda	Member
	Cllr L.B Magqashela	Member
	Cllr B.J Tshoba	Member
	Nkosi M Setloboko	Member

COMMITTEE	MEMBERS	PORTFOLIO
STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT	Cllr N Nkalitshana	Chairperson
	Cllr N.L Motema	Member
	Cllr L Pili	Member
	Cllr N.N Ndabangaye	Member
	Cllr T.J Pikinini	Member
	Nkosi N.L Mabandla	Member

APPENDIX C – FUNCTIONS OF ELM

Below is the list of functions performed by the ELM as defined in terms both Schedule 4 Part B and Schedule 5 Part B of the powers and functions in terms of the Local Government: Municipal Structures Act as amended:

FUNCTION	JGDM	ELM
SCHEDULE 4 PART B		
Air pollution	X	
Building regulations		X
Child care facilities		X
Electricity reticulation	X	X

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Fire fighting	X as per regulation	X
Local tourism	X as per White Paper	X
Municipal airports		X
Municipal planning	X	X
Municipal Health Services	X	
Municipal Public Transport		X
Pontoons and Ferries		
Storm water		X
Trading regulations		X
Water (potable)	X	
Sanitation	X	
SCHEDULE 5 PART B		
Beaches and amusement facilities		
Billboards and the display of adverts in public places		X
Cemeteries, Crematoria and funeral parlours		X
Cleansing		X
Control of public nuisances		X
Control of undertakings that sell liquor to the public		
Facilities for the accommodation, care and burial of animals		X
Fencing and fences		X
Licensing of dogs		X
Licensing and control of undertakings that sell food to the public		X
Local amenities		X
Local sport facilities		X
Markets		X
Municipal abattoirs		X
Municipal parks and recreation		X
Municipal roads		X

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Noise pollution		X
Pounds		X
Public places		X
Refuse removal, refuse dumps and solid waste disposal		X
Street trading		X
Street lighting		X
Traffic and parking		X
ADDITIONAL AGENCY FUNCTIONS PERFORMED		
Licensing of vehicles		X
Primary Health Care	X	
Road maintenance	X	X

APPENDIX D – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

The ELM's Audit Committee has, during the year under review, from 01 July 2018 to 30 June 2019, held four (4) meetings as per its schedule.

Below were the items discussed and their resolutions:

Date of meeting	Items	Committee recommendations during the year under review	Recommendations adopted (Yes or No, if not adopted provide explanation)
24 August 2018			
	<p>Detailed report on rental of houses:</p> <p>The majority of our investment properties were properties which the municipality inherited.</p> <p>Bhodi Complex: there were a number of houses or units and in some instances the tenant would take the whole house or a room. The average monthly rate for a full house was reported at R3000.00 and for a room above R500.00 per month.</p> <p>Bhodi Complex used to be an orphanage home and is in a very dilapidated state. Some of the tenants were not paying due to the bad condition and non-maintenance of Bhodi Complex. The municipality</p>	<p>Members were happy with the investment property rented by SASSA, however they were concerned with Department of Health not paying and other tenants which were not paying. There were two factors which contributed to under collection:</p> <p>Tenants did not want to pay because the investment properties were not in a good condition.</p> <p>Municipality did not have enough capacity to look after the investment properties as there was one officer called fleet and investment officer who was supposed to look after the fleet and investment property. In the last review of organizational structure, a position of investment officer was established and two position of property caretakers were also established to complaint up the capacity of the section.</p>	<p>The report was noted</p>

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<p>budgeted R4 million for repairs, fencing, however that budget was not sufficient to re-engineer the Bhodi Complex to an acceptable standard and habitation conducive environment.</p> <p>Lastly, EXCO meeting members requested a report indicating how the property was generating revenue versus how much was spent on maintaining the property. Collection rate was reported at 53%.</p> <p>The collection rate was recorded at 42% for Transido Complex in Mount-fletcher which was also inherited was subsequently converted into revenue generating units.</p> <p>The collection rate for Open Market was recorded at 43%. The municipality tried to chase out the tenants as they stated a lot of stories with regards to rent payment.</p> <p>The collection rate was recorded at 36% for ERF 3503 property which is occupied by Mkatshane Funeral Service at the time of reporting.</p> <p>The collection rate was recorded at 46% for ERF 2033 & 2034 property which was occupied by T. Mkumatela at the time of reporting.</p>		
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	<p>The collection rate was recorded at 98% for ERF 278 property which was occupied by SASSA at the time of reporting. SASSA approached the municipality and they refurbished that building and entered into a ten year lease term.</p> <p>The collection rate was recorded at 95% for ERF 442 property which was occupied by ZNHANG at the time of reporting.</p> <p>The collection rate was recorded at 13% for ERF 535 property which was occupied by Department of Health (a clinic in Ugie) at the time of reporting.</p>		
	<p><i>The service provider doing 100% completeness testing on payment vouchers:</i></p>	<p>To note the report.</p> <p>Members wanted to know if the service provider was still going to continue with this service during the financial year, taking into account the concerns raised by AGSA, that they would not place reliance on the work performed by the service provider as they were not internal auditors.</p> <p>Can't this service provider be put under the control of internal audit?</p>	<p>No, it was advised that extending the their scope could assist, however bringing the service provider under the control of internal audit could compromise the internal audit's independence as the</p>

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			work of the service provider is purely a management function.
	Report on electricity distribution losses as at 30 June 2018	To note the report. To keep on reporting this and find ways in identifying the root cause for these electricity distribution losses.	Yes
	<p>Tabling of reports:</p> <p>➤ Presentation of the draft annual financial statements for the year ended 30 June 2018 and review notes thereon by the internal auditors</p>	<p>To note the report.</p> <p>CFO to circulate the AFS on Tuesday, 28 August 2018 at 17:00, to all members and internal audit. Members and internal auditors would have Wednesday to review and give feedback to CFO in order to effect the changes and submit to AGSA on Friday.</p> <p>On Monday, 03 September 2018, CFO and internal audit would document all these challenges and members needed a record of these things so that in January after the end of the audit, these challenges could be circulated and turnaround strategy could be developed so that we do not find ourselves in the same situation following year.</p>	<p>No, AFS were not circulated to AC members and internal audit on Tuesday, 28 August 2018.</p> <p>Yes</p>
	Presentation of draft annual performance report	To note the report.	Yes

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	for the year ended 30 June 2018	Departments to revisit the variance explanation before submitting to AGSA and internal audit should review the reasons for not achieving the targets.	
	Presentation of the risk management report	To note the report.	Yes
	Internal control dashboard		
	Brief report regarding the implementation of measures to ensure that there are no repeat findings from the AG. Accounting Officer talk through the issues on 2016/17 financial audit, where the municipality received an unqualified audit opinion with compliance findings. Those compliance findings had to do with the local content in the procurement of some items, contract monitoring and capacity of the institution to perform that contract monitoring. The issue of the local content has been addressed at the specification level and contract monitoring has been improved by having monthly contract meeting between SCM and IP&D. In the new organizational structure, the municipality has included bids and	To note the report.	Yes

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	<p>contract management person to support the contract management officer.</p> <p>The other concerning issue was around the irregular expenditure which was reported in the previous financial year as a result of SCM Regulation 32, which had not been implemented this year. Irregular expenditure of R47 millions for 2017/2018 financial year was reported which occurred as a result of the composition of the BAC which might be a compliance finding.</p>		
	<p>Internal audit reports deferred in previous meeting:</p> <p>Manager Internal Audit, presented the internal audit reports conducted by the previous internal audit service provider.</p> <ul style="list-style-type: none"> ➤ Asset Management Review ➤ Contract Management ➤ Mcoa phase 2, ➤ ICT – Disaster recovery plan 	<p>Members recommended that for 2018/2019 financial year these reconciliations should be done monthly not to wait for end of the year. After the submission of AFS municipality should get Munsoft up and running so that depreciation can be calculated monthly.</p> <p>CFO is the system administrator and ideally that function should be with IT unit. Management must really look at this function as it gives CFO multiple functions.</p>	Yes
	<p>Presentation of Internal Audit Reports and Internal Audit documents:</p>		

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	<ul style="list-style-type: none"> ➤ Indigent Management Review 	<p>Members advised management that certain controls on these findings do not take much effort to execute and these findings were as a result of negligence from the officials and were not even supposed to be identified by internal auditors. It was resolved not to amend the indigent application form due to the fact that certain application forms are not signed by Councilors. Accounting Officer to write a letter to Speaker stressing how important this control i.e. Ward Councillors signing the indigent application forms</p>	Yes
	<ul style="list-style-type: none"> ➤ Progress report on implementation of Audit Action Plan (Follow up) 	<ul style="list-style-type: none"> ✓ To note a report 	
	<ul style="list-style-type: none"> ➤ Three year strategic and Operational audit plan for 2018/19 	<ul style="list-style-type: none"> ✓ To approve IA plan 	
	<ul style="list-style-type: none"> ➤ Presentation of schedule of audit committee meetings for 2018/2019 financial year 	<ul style="list-style-type: none"> ✓ To approve the schedule of AC meetings 	
	<ul style="list-style-type: none"> ➤ Presentation of audit committee charter 	<ul style="list-style-type: none"> ✓ To recommend that Council approves the Audit Committee Charter 	
	<ul style="list-style-type: none"> ➤ Presentation of internal audit charter 	<ul style="list-style-type: none"> ✓ To approve AC charter 	
	<ul style="list-style-type: none"> ➤ Quality Assurance Improvement Plan 	<ul style="list-style-type: none"> ✓ To approve QAIP 	

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Date of meeting	Items	Committee recommendations during the year under review	Recommendations adopted (Yes or No, if not adopted provide explanation)
26 November 2018			
	Presentation of the risk management report	Risk Management officer should look at the fraud reports that were previously submitted to the customer care service section in the previous year and give a feedback on the next audit committee meeting on the nature of fraud reports that went to customer services	Yes
	Internal control dashboard	<p>Based on the draft Management Report presented on 16th November 2018, which indicated that the audit action plan for 2016/17 FY has not been diligently implemented. The assessment is retained as requiring intervention.</p> <p>The inconsistent sitting of the ICT steering committee and the MSCOA steering committee requires urgent attention.</p> <p>There should be audit action plan developed which will address the challenges and it should be reviewed by internal audit to ensure mitigation steps are effective.</p>	Yes
	Presentation on the financial health of the municipality for the period ended 30 September 2018, based on section 71 reports	The audit committee members raised their concerns on the underspending of the capital expenditure. They wanted to know if there is a plan on speeding up SCM processes in order to fully utilise the	Yes

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		allocated grants.	
	Presentation of Internal Audit Reports: <ul style="list-style-type: none"> ➤ Progress report with the implementation of the Internal Audit Plan ➤ Waste management review ➤ Electricity Distribution Losses Review ➤ 1st Quarter Performance Review ➤ Follow up report on the implementation status of issues previously reported ➤ Presentation of Internal Audit Methodology 	<p>Internal audit should review the budget estimates submitted by the internal audit service provider and report in the next audit committee meeting.</p> <p>Find out if there is a maintenance plan for the compactor truck and if the truck was going for normal services as scheduled.</p> <p>It was agreed that reconciliations should be done on a monthly basis</p> <p>It was recommended that for the next meeting the internal audit should test the control measurements.</p> <p>To note the report</p> <p>IA methodology is approved subject to amending proposed changes on the definition of performance audit and a definition of audit of performance information</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
Date of	Items	Committee recommendations during the year under review	Recommendations

[illegible]

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		It was also advised that debt payment arrangements should be recorded and approved by the relevant officials.	Yes
	Maintenance of Public Amenities	The report should go back to management, get proper responses and submit in the next audit committee meeting	Yes
	2 nd Quarter Performance Review	Audit Committee was advised that the municipality has identified the challenges and busy with the process of developing a performance management process flow. In the draft of the process flow there will be a checklist that will be signed off for each evidence uploaded in the system.	Yes
	Progress report on implementation of Audit Action Plan (excluding AGSA findings)	<p>Audit Committee raised concern on audit action plan not allocating time for issues raised by AGSA particular the financial statement issues as a result Audit Committee would like interim financial statements in the next audit committee meeting. As the service provider indicated that opening balances will be ready by end of March 2019.</p> <p>The audit plan should be amended by replacing the overtime with interim financial statement review, as this review is more critical to address the adverse audit opinion received in 2017/18 financial year.</p>	<p>No, interim financial statement was not produced by the municipality</p> <p>Yes, the audit plan was revised, however, IFS was not produced by the municipality</p>

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		<p>The audit committee wanted to know if there is enough internal support for the CFO to implement the action plan.</p> <p>When audit committee meet in May, the restated and interim financials will be provided to audit committee members for review.</p> <p>It was recommended that the municipality should respond quickly to the COAF's submitted by Auditor General.</p>	<p>Yes, It was confirmed that the service providers are appointed for three years for assisting</p> <p>No, it was stated that the deadline proved to be impossible to reach</p>
	Results of the skills audit in the finance & budget section	<p>The audit committee raised their concern on the skills of the managers at the finance section.</p> <p>Have a unit discussion meeting where people discuss the challenges their faced during the week, how it resolved and learn from each other.</p>	No
	Report on electricity distribution losses as at 31 December 2018	It was suggested that the losses should form part of the institutional risk register and during annual risk assessment the pricing of electricity should be identified as risk.	Yes

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Date of meeting	Items	Committee recommendations during the year under review	Recommendations adopted (Yes or No, if not adopted provide explanation)
21 June 2019			
	Presentation of interim financial statements as at 31 December 2018 and audit review notes thereof	Chairperson reminded the meeting of a resolution taken in last meeting (also recorded in the minutes on page 7) that the dead line for submission of interim financial statements was 31 March 2019 and the deadlines was not met.	Yes
	Review of Cash collection and bank arrangements	✓ To note the report	Yes
	Infrastructure grant expenditure Management	✓ To note the report	Yes
	Performance information Q3	✓ To note the report	Yes
	Talent Management Review	✓ To note the report	Yes
	Value for money audit (Yellow fleet)	✓ To note the report	Yes

APPENDIX E: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS ENTERED INTO (2013-2022)						
R' 000						
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2013/2014	Value 2014-2023
Elundini Waste Management Sites	Interwaste Environmental Solutions	01/07/2013	31/06/2022	Community Services Manager	R 2, 4m	R 2.4 m - R 7.2 m

APPENDIX F: DISCLOSURES OF FINANCIAL INTERESTS

The table below is the list of councillors and managers on their disclosure of financial interests

DISCLOSURES OF FINANCIAL INTERESTS FOR THE PERIOD 01 JULY 2018 TO 30 JUNE 2019														
Cllrs Full Names	Shares & Other Fin Interests	Membership Of Cc	Interest In Trusts	Directorship & Partnership	Other Financial Interests	Remuneration Outside Municipality	Independent Contractor Outside Municipality	Subsidies Grants & Sponsorship	Gifts, Gratitudes & Hospitality	Interests In Immoveable Property	Interests In Contracts With Organ Of The State	Loans & Other Obligations Owed To Any Person Or Entity	Related Parties Employed In Or Elected To The State Organ	Signed By Commission Of Oaths? Y/N
Lengs, Nonkongozelo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Nosipho Lengs -ELM	YES
Hokwana, Victoria Vangiwe	AGAPE Valk	AGAPE Valk	N/A	N/A	N/A	Pension - R6 907	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NO
Leteba, Mamello Patience	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Booka, Lebohlang Christopher	CHRIDAN	Construction	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Lubanga, Luvuyo	N/A	Phila-Uphilise Pr	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Unitra - R8 000,00	N/A	YES
Magadla, Siyabulela Joseph Thabo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Magqashela, Lonwabo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Mahlelebe, Kekeletso Primrose	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Majikijela, Xola Psychology	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NO
Mampintsha, Zandisile	N/A	N/A	N/A	N/A	N/A	Masscash - R6269.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES

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Marubelela, Mzoxolo	N/A	Ogu Trading	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Business site - R5000.00	N/A	N/A	N/A	YES
May, Thozam Victoria	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Mbombo, Johnson Diliza	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	House - 750 squire meter	N/A	N/A	N/A	YES
Mdoda, Simphiwe	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Mgijima, Abednigo Kgotsfaditse	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Moni, Grace Manthuseng	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Motema, Ladyfreigh Nonceba	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Mqamelo, Mlamli Aaron	N/A	N/A	N/A	N/A	Tarven R7000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Msuthwana, Bukiwe	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Naketsana, Mathabang	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Ndabangaye, Ntombekhaya	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Ndlumbini, Mxolisi Nicholas	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Ndumndum, Lennox Sphiwo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Ngayeka, Fanisile	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Nkalitshana, Nontuthuzelo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Ntaopane, Ntombizanele	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES

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Ntuthu, Vuyiswa	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Pikinini, Thamsanqa	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Pili, Lulamo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Rashoalane, Ramfreki David	N/A	Mt Fletcher Bus and Taxi Co-op	N/A	Co-op	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Sotsu, Gwebibango	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Telile, Moleboheng	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Thwethiso, Zoliwe Lilly	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES
Tsoananyana, Manonyama	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	YES

APPENDIX G: KEY PERFORMANCE INDICATORS IN THE DEVELOPMENT OF THE ANNUAL REPORT

Organisational Transformation and Institutional Development –KPA 1

Annual performance as per key performance indicators in municipal transformation and organizational development

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	Chapter 4, 41 291		15.2%	
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	Table 29, Chapter 4 6		100%	
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	Chapter 3, 3..8.12		0%	
4	Percentage of Managers in Technical Services with a professional qualification	Chapter 4, 4.1 Table 41		0%	

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	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
5	Level of effectiveness of PMS in the LM – (LM to report)	Chapter 3, 3.8.9 Human Resource Services			
7	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	The municipality annually develops WSP which it then submits to the Department of Labour.			
8	Percentage of councillors who attended a skill development training within the current 5 year term	The Municipality annually develops WPS which it then submits to then Department of Labour.			

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	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
9	Percentage of staff complement with disability	No employees with disability was employed during the financial year. 4.1	0	0%	
10	Percentage of female employees	141, Chapter 4.1		48.5%	
11	Percentage of employees that are aged 35 or younger	15			
12	Adoption and implementation of a District Wide/ Local Performance Management System	Chapter 4, 4.4			

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the financial year under review	Number of HH/customer reached during the FY	Percentage of achievement during the year
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				(Actual numbers)		
1	Percentage of households with access to electricity services	Table 16 , 3.1				
2	Percentage of indigent households with access to basic electricity services	Table 19, 3.4				
3	Percentage of indigent households with access to free alternative energy sources	Chapter 3, 3.2 paragraph 2				

Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the financial year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads	Component B, Section 3.4.1				

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2	Percentage of road infrastructure requiring upgrade	
3	Percentage of planned new road infrastructure actually constructed	
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	

Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the financial year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to refuse removal services	Table 19, 3.2.3.4				
2	Existence of waste management plan	Chapter 3, 3.2				

Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the financial year under	Number of HH/customer reached	Percentage of achievement during the year
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				review		
1	Percentage of households living in informal settlements	Chapter 3, 3.9.2				
2	Percentage of informal settlements that have been provided with basic services	Chapter 3, 3.9.2				
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	Chapter 3, 3.9.2				
4	Existence of an effective indigent policy	Chapter 3 , 3.4				
5	Existence of an approved SDF	Chapter 3, 3.4.1				
6	Existence of Land Use Management System (LUMS)	Chapter 3, 3.4.1				

MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)

Annual performance as per key performance indicators in LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	Chapter 3, 3.5		
2	Percentage of LED Budget spent on LED			

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	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
	related activities.			
3	Existence of LED strategy	Chapter 3, 3.5		
4	Number of LED stakeholder forum meetings held			
5	Plans to stimulate second economy	Chapter 3, 3.5.1		
6	Percentage of SMME that have benefited from a SMME support program	Chapter 3, 3.5.1		
7	Number of job opportunities created through EPWP	Chapter 2, 2.4.1.3		
8	Number of job opportunities created through PPP			

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MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)

Annual performance as per key performance indicators in financial viability

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	See Chapter 5		
2	Salary budget as a percentage of the total operational budget			
3	Trade creditors as a percentage of total actual revenue			
4	Total municipal own revenue as a percentage of the total actual budget			
5	Rate of municipal consumer debt reduction			
6	Percentage of MIG budget appropriately spent			
7	Percentage of MSIG budget appropriately spent			
8	AG Audit opinion	Unqualified		
9	Functionality of the Audit Committee	See Appendix D		
10	Submission of AFS after the end of financial year	Submitted on 31 st August 2018		

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GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% of ward committees established	Chapter 2, 2.4.1.1		
2	% of ward committees that are functional	Chapter 3, 3.12		
3	Existence of an effective system to monitor CDWs			
4	Existence of an IGR strategy			
5	Effective of IGR structural meetings	Chapter 2, 2.4		
6	Existence of an effective communication strategy	Chapter 2, 2.1.0.1		
7	Number of mayoral imbizos conducted	Table 131		
8	Existence of a fraud prevention mechanism	Chapter 2, 2.7		